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Daily Report
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FBIS-LAT-91-034 *20 February 1991*

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Cuba

Castro Continues Visit to Santiago de Cuba

Tours Local Construction Sites

FL1902232091 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 19 Feb 91

[Text] Today Commander in Chief Fidel Castro visited various social and economic projects in Santiago de Cuba. During his tour he made statements about the efforts of Santiago de Cuba construction workers.

[Begin recording] [Castro] They are very good construction workers. [Words indistinct] everywhere like in Santa Clara, Camaguey, and Havana. They are not as massive as those of Santiago de Cuba. The strength of these contingents is impressive.

[First unidentified speaker] [Words indistinct] last night, Commander?

[Castro] (?We witness a spirit of) commitment. They have been able to rescue so many traditions and they are so determined to build the projects that I do not know where [words indistinct] so much strength and spirit. Take into account.... [rephrases] As a contingent member from this hospital was just telling me, absenteeism here is 1 percent. In addition, 80 percent of contingent members were not construction workers.

They have done the impossible. They have saved huge amounts of money by creating false ceilings and by resorting to the use of things made here with high quality and beauty. I have never ever seen such a group of construction workers. I have never ever seen such a complete and thriving group of brigades and contingents. (?They) also have very good leaders, very good indeed. Very bold people.

[Second unidentified speaker] Commander, what can you say about the work that [Juan Esteban] Lazo [party first secretary for Santiago de Cuba Province] has carried out because local citizens are truly satisfied with his work. This morning before your arrival I personally witnessed the satisfaction of the many people who were [words indistinct] and the ovation with which they welcomed him. This is because they are very thankful for the work carried out by Comrade Lazo [words indistinct].

[Third unidentified speaker] All of us are worried because....

[Fourth unidentified speaker, interrupting] We are worried because there is talk that he is leaving after the congress.

[First unidentified speaker] Commander, he will not allow me to pose this question to you because [words indistinct]....

[Castro, interrupting] [Words indistinct] Lazo. We do many things in many places and we achieve progress in many places with the help of various comrades and various cadres. We have many good cadres, but without Lazo's work we would have been unable to reach the optimum results we have achieved here today.

[Unidentified speaker] [Question indistinct]?

[Castro] [Words indistinct] this comrade has made a great personal contribution to optimize our current achievements and to accomplish our goals.

No one should be surprised. I am well aware of this. No one is thinking about all this for the time being.

[Fifth unidentifed speaker] [Words indistinct] this is what many Santiago de Cuba residents fear [words indistinct].

[Castro] [Words indistinct] take him to Haiti or to [words indistinct].

[First unidentified speaker] Some Santiago de Cuba residents fear this. [laughs]

[Castro] That he will be sent there to help (?develop) the food program in Haiti. [end recording]

Opens School for Deaf

FL1902133091 Havana Tele Rebelde Network in Spanish 1200 GMT 19 Feb 91

[Text] Commander in Chief Fidel Castro, first secretary of the Central Committee of the Communist Party of Cuba, has opened the Eduardo Mesa Special School for deaf and hearing impaired children located in Santiago de Cuba. This center's opening will make it possible to educate children and young people, who will be integrated into socially useful work after training in different trades.

[Begin Castro recording] [applause] [To signing interpreter] How do we do this now? It will be easy, right? [Interpreter answers: Yes.] Families, teachers, students, guests:

It is cold, is it not? Do you not think so? Is that how you say cold? All right. Tonight, as we already [words indistinct] we are opening this school. In my opinion, it is a great school. Really, I like it a lot. Since we got here, I have liked everything they have shown us, with the participation of the students. Each student was doing admirable and very moving things. From the very beginning we were able to observe the school's quality, the beauty of the construction, and especially this school's importance, the school's usefulness for all of you. [applause] [end recording]

Visits Pig-Raising Centers

FL1902160591 Havana Tele Rebelde Network in Spanish 1408 GMT 19 Feb 91

[Text] On the second day of his stay in Santiago de Cuba Province, our Commander in Chief Fidel Castro toured important food program projects in Contramaestre Municipality, especially three pig-raising complexes which already this year should produce [number indistinct] tons of meat. This is the only and most intelligent way of ensuring our people's food, because with isolated small farms it is completely impossible. Now this is showing that we are right. This is what the commander in chief said during his stay at this pig-raising complex, known here as "Los Pitis," which also has a modern liquid feed plant that can produce 533 tons of pig feed a day.

[Begin recording] [Castro] Nothing this year? Nothing with aerial microjet irrigation this year?

[Unidentified speaker] Yes, 10 caballerias. Now 10, but we will be doing....

[Castro, interrupting] [Words indistinct] but he says it has surface microjet irrigation.

[Speaker] No, no [words indistinct]. There in the Baire area, they can plant the 10 caballerias this year. The limitation is the hoses, not the....[changes thought] 10 caballerias, and that is why I was saying, 90 here and then there will be 100. This year we are going to plant 110 caballerias of plantains here in Santiago.

[Castro] Both kinds?

[Speaker] Both kinds.

[Castro] How much with aerial irrigation?

[Speaker] Ten caballerias.

[Castro] And later you will have 90 more here, next year?

[Speaker] And then we will have 90 here, next year. [end recording]

As always, the head of the revolution's presence caused spontaneous expressions of joy and enthusiasm among the inhabitants of the area. Although it is a mountanous area, it has everything necessary to make the inhabitants' working and spiritual lives pleasant.

During this day of intense activity in Contramaestre Municipality, Fidel enjoyed on more than one occasion the delicious [word indistinct] and the unsurpassed oranges, which are considered to be among the best in the world because of their abundant juice and sweetness.

On his return to the city of Santiago de Cuba, the president of the Councils of State and Ministers, always accompanied by Esteban Lazo Hernandez, the first party secretary in the province, opened one of the five modern special schools that will operate here for children in the eastern provinces who have hearing or visual impairment or behavioral disturbances. At a recently completed school in the town of Boniato which bears the name of the martyr (Eduardo Mesa Yul), Fidel enjoyed a demonstration of educational and cultural activities given by teachers and some of the 200 students.

When he signed the visitor's book, the head of the revolution wrote: I have been very impressed by the school. The effort made to build it has been worthwhile. I hope we will soon be able to continue with this beautiful program.

UNESCO Approves Budget for TV Development

FL2002032591 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 20 Feb 91

[Text] The UNESCO has approved a $48,000 budget for the development of television in the Cuban mountain region. This decision was adopted during the 12th session of the Intergovernmental Council of the International Program for the Development of Communication that took place for eight days in Paris, France.

During this meeting (Bertha Berdura), the Cuban representative to the Council, said that Third World countries continue to rely on the information systems of developed countries. She added this only deteriorates the imbalance of the information system even further.

Number of Chernobyl Children Treated Reaches 3,338

FL1902143091 Havana Tele Rebelde Network in Spanish 1400 GMT 19 Feb 91

[Text] In two flights arriving from the Ukraine, 580 children affected by the Chernobyl nuclear accident have arrived in our country. These groups bring the number of children who have come to Cuba, for specialized treatment at Jose Marti Pioneers City and children's medical centers, to 3,338.

In the period since the first group of children was received in our country, it has been discovered that most of them show endocrine and digestive disturbances, skin diseases, tooth decay, and other processes that are being studied in accordance with the program that is being carried out on them. Soviet scientists have expressed their pleasure at and high opinion of Cuban cooperation in this regard, the greatest aid they have received from a foreign country for victims of the Chernobyl accident.

Escalona, Delegation Depart for Soviet Union

FL2002020291 Havana Radio Rebelde Network in Spanish 0000 GMT 20 Feb 91

[Text] Juan Escalona Reguera, president of the National Assembly of the People's Government [ANPP], left today for Moscow as head of a delegation. The ANPP delegation is visiting the Soviet Union in response to an invitation extended by the Supreme Soviet. The delegation is comprised of Deputy Arnaldo Tamayo Mendez,

first Latin American cosmonaut and president of the Cuban-Soviet Friendship Association, as well as other Cuban deputies and officials.

Rodriguez Opens Center for Latin American Studies

FL1902174091 Havana Radio Progreso Network in Spanish 1725 GMT 19 Feb 91

[Text] Dr. Carlos Rafael Rodriguez, the vice president of the Councils of State and Ministers, established the Department of Latin American and Caribbean Studies at the University of Havana last night. Carlos Rafael referred in his speech to the imperative need for fragmented and dispersed Latin America to finally become the "Our America" that Marti announced 100 years ago. Rodriguez, who is also a member of the Politburo, said that this department is intended to promote everything that will contribute to boosting the cultural integration of our nations.

Joint Guinea Bissau Commission Opens Session

FL1902140091 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 19 Feb 91

[Text] The working session of the Cuba-Guinea Bissau Joint Intergovernmental Commission began this morning at the Sierra Maestra Hotel in Havana. At the first meeting, the delegations talked about the good progress in bilateral cooperation, which began in 1975. Guinean Minister for International Cooperation Bernardino Cardoso heads the delegation from that country. The Cuban delegation is headed by Arturo Guzman Pascual, minister president of the State Committee for Prices. The Guinean Government delegation arrived in Cuba last night. Once in our country, Mr. Bernardino Cardoso expressed thanks for Cuba's aid in solidarity to develop public health, education, and sports in Guinea Bissau.

Uruguayan Health Minister Begins Visit 14 Feb

FL1402213091 Havana Radio Reloj Network in Spanish 2040 GMT 14 Feb 91

[Text] Uruguayan Health Minister Dr. Alfredo Jose Solari is visiting Havana at the invitation of his Cuban counterpart, Julio Teja. During his stay in Cuba, during which he will become familiar with the national health system, he will visit hospitals, family doctors' offices, and various specialized and research institutions.

* Minfar Chief Views Wages, Decentralization

91CA0060A Havana TRABAJADORES in Spanish 5 Jan 91 pp 2, 3

[Interview with Lieutenant Colonel Armando Perez Betancourt, Minfar Enterprise Improvement Group Chief, by Jose Yanes; place and date not given; first paragraph is TRABAJADORES introduction]

[Text] Lieutenant Colonel Armando Perez Betancourt, chief of the Enterprise Improvement Group of the Ministry of the Revolutionary Armed Forces (MINFAR), talks to TRABAJADORES about notions such as the balance between centralization and decentralization. He also discusses the role that economic mechanisms, especially wages, should play in the effort to solve the problems of production efficiency and effectiveness during normal times as well as the special period, based on the practical knowledge and results obtained by the Revolutionary Armed Forces (FAR) during nearly four years of experimentation.

[Yanes] What is the group's view of the search for solutions to the problems of production efficiency and effectiveness?

[Perez] We think—and this has been implemented in the enterprise improvement program of the MINFAR—that the solution must be comprehensive.

We must begin by diagnosing problems on the basis of searching for comprehensive solutions related to the structure that is applied, the technological organization of production, and the organization of production itself: the elimination of unnecessary movements and of bottlenecks, the balancing of lines, the timing of different jobs and their interrelationships, and making sure that workers have technological documentation and materials to guarantee production.

In addition, there is the role of the brigade chief, of the technical and engineering staff, and of the quality control system. The organization of work standards is also a factor, and we must not forget the role of cost and accounting, as they provide the system with feedback and alert us to where spending is too high, where there are deviations. The planning system allows us to project the future and, with a minimum of economic indicators, to evaluate the efficiency of the work. Pay systems are also very important.

There is also another fundamental element about which the minister of the FAR has always alerted us: the role of the individual in the system. If the man we have at the forefront does not crack down on discipline problems and other acts and behaviors; if he sees that we are squandering raw materials and does not take measures to stop it; if he does not keep an eye on the work tools; if he does not teach the workers how to do their jobs properly, then the problems will not be solved.

It is necessary to have a series of procedures and techniques, primarily in terms of the organization of production: cost, accounting, pay, everything. But it must be under the aegis of a capable, experienced man who has a clear idea of his role as a socialist leader. He must be fully aware that it is up to him to enforce all of those procedures and to contribute systematically to their improvement.

[Yanes] What is your idea of the organization of production?

[Perez] We see it as the harmonious distribution of the efforts of four fundamental elements: the individual, the machine, the methods, and the raw materials and inputs, so that we can achieve the greatest effectiveness with the smallest possible quantity of resources, with the maximum results.

In other words, the social result must be much greater than the social cost, thus benefiting society; because that will be the source of our wealth.

Hence, the organization of production is the most important thing for the improvement of enterprises in the FAR, because it does no good to have a good cost system, for example, if we do not produce, or if we do so inefficiently.

If we manage to produce with social cost effectiveness, spending fewer material, human, and financial resources, a good cost system will tell us that there was effectiveness, or it will indicate to us what part of the productive process still needs work.

That is why we feel that all of the studies to improve the management of enterprises must first focus on the proper organization of the productive process. Then the others can be designed to complement them.

[Yanes] What specific role do the pay systems play in all of this?

[Perez] In a disorganized factory where the technological process is not carried out properly, where standards are not well enforced, where the quality control system does not work, where consumption standards are too high, if we apply a pay system or one of the forms of linking pay to production, the results will be negative.

In that case we could end up paying too much money without obtaining positive results. We are going to be paying without having any material guarantee. We will not have material support, and that is very detrimental to society.

[Yanes] So you do not see pay systems, or any other system, as being sufficient in and of themselves to solve production problems.

[Perez] Our assumption is that pay systems in and of themselves are not going to solve problems. They are one aspect of the procedures and mechanisms that we can use, but not in isolation.

One very important premise for us is that the wage we pay must depend directly on results. In the enterprise system of the Armed Forces, nothing is paid independently of actual results, without satisfying certain needs of society.

Hence the indispensable need to organize production well; otherwise, we will not be able to guarantee pay afterwards. The pay systems that we apply are always based on the objective of increasing and raising to a maximum the results of production or services, because we only pay on the basis of those results.

In short, we see pay as part of a comprehensive solution. No pay system will be a magic wand.

[Yanes] How do the workers feel about these ideas? Did pay rise or fall? What has happened to the ratio between the average wage and productivity?

[Perez] In all of our enterprises where the improvement measures are being applied, the average wage of the workers has increased. But the rate of the pay increase has been less than the rate of the increase in productivity.

For example, where we have boosted productivity by 60 percent, wages have grown by only about 20 percent.

I do not have precise data here on each enterprise, but what I can tell you is that, in general terms, productivity tends to increase at a greater and faster rate than pay. It is significantly greater. Therefore, the ratio of average wage to productivity is very favorable.

We have enterprises with very good ratios. For example, we have one whose ratio is 0.13. And we feel that anything under 0.50 is good. As part of the improvement effort we have set a goal of achieving a ratio of average wage to productivity of 0.50. Two to one. For every unit of increase in wages, productivity increases by two units.

And the workers feel good, because in addition to giving attention to the individual, his motivation and participation, there is also the aspect of a wage earned usefully, which makes it possible for the population to acquire goods and services. In addition, when people earn wages with real results and there is cost effectiveness, our society can guarantee services that are very expensive but are provided free of charge.

But the most important thing is that when a comprehensive study is made, rather than focusing just on pay measures, productivity can be boosted by more than wages, which also grow. This is equally important, because we are not against pay raises.

[Yanes] Centralization, decentralization: How is this thorny issue approached by the MINFAR's Enterprise Improvement Group?

[Perez] Our premise is that the leadership of a system falls within the purview of the ministerial bodies, while the management is up to the enterprise bodies: union, enterprise. Naturally, this does not mean that an enterprise manager does not lead or that a ministry does not manage. I am making a methodological distinction to try to express an idea.

In our experience, for example, enterprise management has been decentralized and we have given the managers the authority they need to do their job.

This means that they do not have to be constantly asking about the decisions they must make. It gives them a chance to solve problems right there where they are occurring.

Of course, this authority must be very clearly defined. For example, the ministry is in charge of directing the pay system, setting pay scales, professional groups, the principal characteristics of each group's work, their responsibilities and complexity, and general systems for linking work to pay.

And the manager of the enterprise in each unit, workshop, or brigade, along with his collective, with the brigade chiefs, whom we call production sergeants, determines which pay system (they are given a variety of systems to choose from) best meets their interests and conditions. His only problem is to guarantee efficiency afterwards.

But the manager of the enterprise also has another possibility. A system has been applied and after two months it becomes apparent that it is not working; he can change it. And to be sure, he is responsible for doing so; he has not only the authority, but also the responsibility.

In this regard, the labor collectives are given another responsibility. For six months they can apply in a brigade a pay system of their own design, based on the inviolable principle that pay must be linked to actual results. They are authorized to conduct that experiment. After six months, the results are analyzed and they propose to the higher body that the system be applied generally.

In this way, the ministry is obtaining feedback on these experiences, and the number of systems we apply grows.

In other words, the enterprise managers are tailoring their own systems. But these systems have well-defined limitations; you cannot make cloth do whatever you want. The cloth we are working with follows the principles of socialism and the ideas and principles of Fidel and Raul. We do not allow anyone to violate our socialist principles.

This is not your neighbor's pasture with the gate open. It is a pasture with a very good fence, with very solid posts. Within this fence, we can discuss, argue, agree or disagree, with the authority to make decisions. But we have boundaries, and to go beyond them we must ask permission.

It is not total decentralization, because total decentralization would lead us to chaos, anarchy. There are people there who think that all problems can be solved by giving all authority to the enterprise managers. That is wrong.

Nor do we advocate total centralization, with the enterprise manager being a mere go-between. He tells his superiors what his workers tell him, and he passes down the guidelines he has received from above. That degree of centralization will not solve the problem, either. We need a timely mixture of centralization and decentralization.

No country in the world, neither the super-developed countries nor the under-developed ones, applies total decentralization. A businessman in the United States cannot trade with us. It is forbidden; he does not have that liberty. A manager of the transnational IBM in Singapore, to cite an example, cannot do whatever he feels like. He must adhere to the policy imposed on him by IBM. And so on. No one in the world has total freedom. There are even very efficient, very creative enterprises whose objectives and budgets are measured in detail, and those directives must be followed in detail.

What they do decentralize is management, which is what we must decentralize. And that is what we are doing in the Armed Forces. That is what our minister has decreed: decentralize management. Our enterprise system has sufficient powers to solve the problems that arise in production and services.

I can say that the managers of our enterprises feel today that they are managers, with authority. We have seen how they act, how they say, "I decided," or "Our board of directors agreed and I decided," and also, "I am responsible for that decision."

Naturally, responses to the workers have been made quicker, because when they tell the manager that the pay system in their shop is not working, he has all the tools to study the problem comprehensively and solve it.

In another system he would have to propose it. He would be a go-between. We are opposed to that type of manager. We believe in and apply the principle that every manager must have the power to fulfill the mission he has been assigned.

[Yanes] In fact, what you are discussing represents an about-face in the general concepts that have been applied in the country in this regard.

[Perez] Well, I think that these experiences come within the framework of the rectification, and have been present in the activity the country has engaged in under the leadership of the Party to improve our socialism. We believe that this is a way of thinking and acting that has always been present in the creative thinking of Fidel and Raul.

Here the important thing is for people to know what their mission is, what resources are assigned to them, what they are empowered to do and what they are not empowered to do. And on that basis, to think, act, and make their own decisions. Oh! If someone makes a decision he is not supposed to make, he must simply be punished for assuming powers he does not have. It would also be better to replace a person who fails to make decisions he is authorized to make.

[Yanes] I think that the group has one job that is very interesting, related to the regulations currently in effect

in this country. Tell us about that process, and in particular tell us whether the solutions emerged from practice or if, on the contrary, they were devised *a priori*.

[Perez] I would like to say that it was not a cabinet decision. We did not sit down to evaluate which legal regulations should be modified so that we could develop the experience; this began to take shape as we diagnosed the situation in each place and identified the problems and their causes.

With this method, we saw what alternative solutions could be applied. We realized more and more that we had to introduce things that were prohibited, or that we had to put into practice things that were not contained in the legislation.

This is closely tied to a very important characteristic of the enterprise improvement effort that has been made in the FAR, and that is the active participation of the labor collective where it is being applied.

The workers, the administrative managers, the party organizations, the trade union, the youth organization, all work very hard from the first phase, when people are taught what improvement is all about.

Then comes the diagnosis phase, which I already mentioned. Here again, the participation of the workers is crucial, and people must not cover up the bad things or apply double standards, so that everyone will be willing to say what is really going on. This phase is very important, because without a thorough, detailed diagnosis to determine what is really causing the problems, we cannot find the medicine to cure the disease and we cannot issue a prescription. If someone misdiagnoses the causes of the problems, he might be missing the mark.

[Yanes] Of course, then the diagnosis is different in each place, depending on the type of enterprise and what sector it belongs to.

[Perez] Correct. Industry, construction, tourism, the Institute of Geodesy and Cartography, and the agriculture-livestock sectors are all different. Each sector has its culture and its ethic, its way of doing things and its methods.

In each place, different systems must be applied; the cost system is not the same for tourism as for industry.

The pay systems that are applied must also be different, just as the quality control systems must be.

After the diagnosis come the alternative solutions. It is precisely along those lines that we set out to seek authorization, so that certain legal regulations do not have to be enforced. In other words, it is not *a priori*, but rather on the basis of and as a result of a study of each place.

It is our premise that in each place, when the system is studied and the solutions are proposed, people begin to have a clear idea of which factors imposed by the higher entities have had a detrimental effect. Then these factors must be eliminated.

That is why I was saying that we do not think this must be done at the cabinet level, or by a commission of 60 comrades who sit down and study the matter and decide that this law has to go and this one has to come in. No. We share the opinion that our economic system, that of socialist Cuba, must arise specifically out of the relationship between what is being done in the enterprises and what the State is doing. From this active relationship between two systems that are moving and seeking practical solutions, will emerge what we can specifically call our economic management system. The system will not be established by enterprise managers. It so happens that the only place where it can be demonstrated that systems can be implemented and obtain results is the enterprise.

In this process, of course, we have worked very closely with the comrades on the State Committees of Labor and Social Security, Finance, Prices, and Standardization.

We have also followed closely other experiences. We go to the contingents and we see what is being done in different places.

Little by little we are turning an experiment into a new system of enterprise management and administration. Little by little we have developed the concepts, the principles, the mechanisms that must come into play in the system that we are applying.

We do not think our experience is the best one. We are just a grain of sand in the search for a solution to the problems and for the most appropriate system for our socialism. We have had results. We represent a contribution to that overall search that the country is conducting, in which no one should believe he has the absolute truth. We do not believe we have it.

Our comrade minister has also placed a great deal of emphasis on a principle that we consider fundamental: every inch of progress is an inch that must be consolidated. We are in a big hurry. We have an urgent need to implement that new system. But we must take firm steps.

It is not a matter of giving people a manual today, a seminar tomorrow, and then in three days asking them to apply the system. No. This is a slow process that involves constant evaluation. We must determine what applies to all enterprises and what is specific to each enterprise. One phenomenon or one procedure may work well and yield results in one enterprise, but in another one with a different productive culture, a different ethic, because it belongs to a different sector, the same procedure may not yield results. Therefore, we believe that through experimentation, practice, and the search for efficient results, the system will gradually be modified.

[Yanes] You specifically mentioned that this whole experience has been applied to the MINFAR enterprise system on the basis of concrete, consolidated results.

[Perez] The only way we have to measure whether these procedures are on the right track is the results themselves.

I can say, for example, that labor productivity has increased by 20 to 60 percent in our enterprises. The average hours have declined by about 40 percent, which naturally has a positive impact on productivity.

Brigades that now have 50 percent smaller work forces are producing the same amount or more goods than before.

Therefore, production and productivity have increased. The average wage has increased proportionally, as we mentioned before.

Quality has also improved. It is above 95 percent acceptance in the vast majority of units where we have applied the improvement measures.

There are also cases in which we have not obtained results. We thought that the procedure we were applying was right, but when we put it to practice it did not yield results. So an immediate rectification is necessary.

That is why it is important to decentralize the management of production, so that the active elements can act quickly and take corrective measures.

[Yanes] Finally, what influence could the special period have on the improvement program?

[Perez] Of course it will affect us. But that does not mean that the improvement program is being suspended. In fact, during this period it is even more important that we conduct the studies with a view to making better use of our resources, first of all. We cannot waste them.

It is during the special period that we must place the greatest emphasis on the production organization studies and technology analysis, on the savings in human, material, and financial resources. We must be precise about our consumption standards. We must even look into what can be done with waste products, because sometimes we get rid of a waste product, and during this lean period, we could be using it to make useful things for society.

During the special period we must be more efficient and effective than ever. For example, I see inventory control as a fundamental task, as well as cost control and accounting. I consider them to be imperative.

During this period there is an increasing need to improve our technical, economic, and administrative mechanisms. We must study our economic organization thoroughly.

The special period will force us to step up these measures; it is like a catalyst in the improvement of economic management.

We must continue ensuring that the studies are comprehensive and that the workers participate fully. During these hard times we must learn how to spend just what is fair, just what is necessary.

And those are the principles of enterprise improvement in the MINFAR. Therefore, we do not see any paralysis taking place. On the contrary, the improvement will continue.

Naturally, there will be some adverse effects. In some places production will not be as high as it could be. In others productivity will not be what it should. But we are going to keep working. That is what our leaders have told us: Keep working, keep going deeper, keep improving this system.

Inter-Caribbean Affairs

Economist Urges Integration Within Caricom

FL1902201591 Bridgetown CANA in English 1818 GMT 19 Feb 91

[Text] Castries, St. Lucia, Feb. 19, CANA—The president of the St. Lucia Chamber of Industry, Commerce and Agriculture, Richard Peterkin, forecasts limited success for the forthcoming regional economic summit if Caribbean countries do not take a coordinated approach in dealing with common economic problems.

Peterkin is a member of a coordinating committee set up by the St. Lucia Government to prepare a paper for submission to the conference in Trinidad later this month. He told reporters that what had emerged from the various national economic conferences, in preparation for the Port of Spain meeting, was the realization "that the way forward for us has to be premised on greater economic integration and functional coordination among member countries of Caricom [Caribbean Common Market]."

"Unless we can have a coordinated approach to a number of problems presently facing the region, then the chances of our success, no matter what our strategies are, is going to be very limited, if we try to approach it on an island-to-island, or even sub-regional only, basis." Peterkin said he hoped the conference will produce a realization in the region that some sacrifice is required if the region is to move forward. "...We must now be very serious because the time is coming very close when in fact we may lose whatever advantages we had if we don't consolidate now."

Peterkin dismissed suggestions that the larger countries of the Caricom region needed to put their house [?in order] before resorting to economic integration. "...The burdens of Jamaica, Trinidad, and Guyana are so great in some respects that simply assuming that they should deal with their problems first and the rest of the Caribbean next is not realistic. I think we need to approach it together now, rather than just give them an opportunity to improve their economies first."

Peterkin noted, for instance, that as a result of the economic difficulties confronting Jamaica, St. Lucia and other members of the Organisation of Eastern Caribbean States (OECS) were receiving payments for their goods some "six to eight months" late.

"What is coming out clearly here is that the International Monetary Fund (IMF) puts certain conditions when it is helping countries like Jamaica, and while that may in fact help Jamaica's economy to improve, it will be doing so to the detriment of the other countries, particularly the OECS."

Haiti

Presidential Decree Names Preval Prime Minister

FL1902222091 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 19 Feb 91

[Excerpt] A decree signed by Father Jean-Bertrand Aristide and issued yesterday appoints Rene Preval as the prime minister of government officials. It is a two-article decree which states that this appointment is definitive, official, and legal following the Senate vote of confidence.

Rene Preval will appear again today before the Chamber of Deputies seeking its vote of confidence concerning the general policy which the government intends to apply over the next few years. [passage omitted]

Prime Minister Plans To 'Redistribute Wealth'

FL1902131291 Bonaire Trans World Radio in English 1130 GMT 19 Feb 91

[Text] The new prime minister of Haiti wants his country's wealthy people to do more to help the poor. Rene Preval has presented his government's economic program to the Senate, hinting at the need to redistribute wealth. The prime minister warned that an era of violence could begin if the gap between rich and poor is not narrowed. Mr. Preval has also said his government's priorities include economic decentralization, increased farm production, and health care. A literacy program is also planned for nearly 3 million Haitians between the ages of 15 and 40.

LE NOUVELLISTE Profiles Rene Preval

FL1902234591 Port-au-Prince LE NOUVELLISTE in French No. 34000 13 Feb 91 pp 1, 4

["Text" of statements made under oath by Rene Preval before a senatorial commission in Port-au-Prince on 10 February and compiled by staff journalist Anaise Chavenet; all quotation marks as published]

[Text] Rene Preval, the Haitian prime minister chosen by President Jean-Bertrand Aristide, was born in Port-au-Prince on 17 January 1943. He was 20 years old when he had to leave the country with the members of his family in 1963. His father, who was then director of the ODVA (Development Organism of the Artibonite Valley) [as received], had troubles with the famous Zacharie Delva [a well-known Tonton Macoute].

Rene Preval began his university studies at the Faculty of Agronomy of Jembloux in Belgium. He received a certificate as a engineer-agronomist candidate after a two-year academic course. He spent three more years at the faculty, underwent the final examinations for the title of engineer, and prepared his thesis, but he never attended his oral exams "for personal reasons."

After working for five years in the United States, he returned to Haiti in 1975 and was hired at the INAREM (National Institute of Mineral Resources). He resigned two years later. While a manager at the INAREM he attended a course on geothermal science in Pisa, Italy. He was also "presented with" a diploma of geology from the Faculty of Sciences, where he attended complementary courses under the direction of the Fritz Pierre-Louis who was then dean of the faculty [Pierre-Louis held concurrently the positions of dean of the Faculty of Sciences and Minister of Mines and Energetic Resources for a relatively long period under Jean-Claude Duvalier].

He continued his professional endeavors at the Caribbean garments factory [company name in English], a clothing factory belonging to the Behrmans [family name of an industrialist]; the Tecina engineering firm; and the Port-au-Prince International Airport. He has owned and managed La Boulangerie du Centre [Central Bakery] on Traversiere Street in downtown Port-au-Prince for eight years.

Rene Preval is also a militant who does not call on the spirit of any political party. He was a member of a clandestine group of young Catholics "Haiti-Progres" (nothing to do with the weekly HAITI-PROGRES, he pointed out) which was disbanded in 1969 by Francois Duvalier. There was a pause in his militancy from his return to the country in 1975 to 1986. "I decided to be an observer," he said before the senatorial commission.

After 1986, he belonged to several civic movements. He did not make noise. "I am a discreet person." He was a militant of the Democratic Action Committee Fred Coriolan (killed before Fort-Dimanche on 26 April 1986). He instituted the "Do Not Forget" Committee [Komite Pa Bliye] in memory of the victims of the Duvalierist repression. He is a member of Honor and Respect for the Constitution Committee [Komite one respe pou Konstitisyon an]. As such he organized several protest movements with his companions against the arrest of the "prisoners of All Saints Day" in November 1989 [reference to the arrest of Evans Paul a.k.a. K-Plim, Marino Etienne, and Jean Auguste Mezyeux on 1 November 1989]. He also played a major role in structuring the SAJ (Solidarity Between Young People) [as published] group and the charitable organization "Family Is Life" founded by Father Jean-Bertrand Aristide, to whom he is close.

Rene Preval is married and is the father of two children.

Aristide Assures Journalists of Freedom of Press

FL2002012091 Port-au-Prince Radio Metropole in French 1700 GMT 15 Feb 91

[Report by correspondent Clarence on news conference by Haitian President Jean-Bertrand Aristide at the National Palace; date not given—recorded]

[Excerpts] President Jean-Bertrand Aristide met with the press this morning at the National Palace. A moment of silence was observed at the beginning of the meeting in memory of journalists who have disappeared. The president promised to respect the press. He gave his assurances that journalists will not be shot and that radio stations will not be sabotaged under his government. President Jean-Bertrand Aristide stated that the press is free and will remain free. [passage omitted]

I am strongly impressed by this meeting because it is the first time that I, like many other journalists, have been inside the National Palace for a news conference, as opposed to the formal meetings held by General Namphy, General Avril, or President Manigat. It was different today. It was much friendlier, full of emotion. Communication was very direct. I had the feeling that a journalist under the government of Jean-Bertrand Aristide will be able to work in safety. The president stated: Journalists will no longer be pursued, nor mistreated, nor killed, and the radio stations will no longer be sabotaged.

The president insisted that the truth should be searched out when providing information and he understands that such work is noble and sacred. A journalist even comes close to God, as God is the truth. The journalist in search of the truth also searches for God.

I also understood that criticism is to be allowed from now on so that through this criticism the president will search for the truth. Criticism will help gleam the truth. We hope, indeed, that we will have total freedom to work in a serene atmosphere, with no pressure coming from the government as it was during the almost five years of transition.

I am personally very impressed and I truly hope that we will work in total freedom, given that we respect the norms: the law of journalism, the rules and ethics of the profession. A delicate question was raised by a journalist from Radio Soleil: Will those statements from the president of the Republic represent the total and general guarantees in a sense that a journalist will not be directly pursued by the government, a minister, or the president, but by pressure from those on the streets?

I hope that such statements will spread to those concerned because we have always seen the population support the press. [passage omitted]

More Persons Not Allowed To Leave Country

FL2002003591 Port-au-Prince Radio Haiti-Inter in Creole 2100 GMT 14 Feb 91

[Text] The following are banned from leaving the country:

Francois Allien, director of drainage project phase two;
Henri Normil, director of rehabilitation project for Archahaie irrigation system;
Fritz Boutin, director of DRI [expansion unknown] project in Riviere Blanche;
Gladys Guitto, director of post office building and development;
Mrs. Yvrose Bernadel, administrative director in Ministry of Finances;
Robert Louissaint, chief accountant in Ministry of Finances;
Mathurin Belonni, administrative director of Teleco [telephone company];
Rolance Lerissier, administrative director in Ministry of Youth and Sports;
Pierre Martial Tessatus, administrative director in Ministry of Youth and Sports;
Ludovic Severe, director of SNEP [expansion unknown] project;
Jacques Rousseau, director of urban development project;
Saint-Fort Salnave, director of food safety project in northwest;
Gerard Reynold Carre, director of CADATRE [expansion unknown] project;
Georges Nerette, director of solar and aeolian energy user project in rural areas;
Garry Victor, director of government newspaper UNION;
Harrold Gaspard, director of National Park, National Road 1;
Polin Justafort, director of Development, ODN 2 [expansion unknown];
Edrice Gonel, director of DRI in Saint-Raphael;
Paulette Jean, director of development of Delmas Hospital;
Ernst Teaneau, director of DRI in Plateau-Central;
Eric Nouailles, director of intensification of food products project;
Wolf Theart, director of ODEVEA [expansion unknown] project;
Marie-Carmelle Dodier, Petionville mayor;
Jean Seide, member of board of directors of ONA [National Retirement Office];
Greger Jean-Louis, member of board of directors of ONA;
Franck Daphnis, member of board of directors of ONA;
Marvius Louis, chief accountant in customs office;
Claude-Henri Silvestre, administrator in EPPLS [expansion unknown];
Jean-Robert Juste, chief accountant in Ministry of Social Affairs;
Yves Jean-Charles, in charge of projects in Ministry of Social Affairs;

Gilles Andrix, former director general of OFATMA [expansion unknown];
Anderson Maurisson, Delmas mayor;
Claudette Saint Albin Gourdet, cashier in charge of social assistance cash box in Ministry of Social Affairs;
Antonio Kebreau Junior, chief accountant exempt;
Yvon Avin, administrator of State University Hospital of Haiti;
Emmanuel Georges, director of transport projects, TPTC [public transport];
Fadord Louis, accountant of transport and communication projects, TPTC;
Roger Lange, in charge of emergency projects and departmental direction in Ministry of Planning;
Francois Bousi, former director general of DGI [Income Tax Bureau];
Edouard Dubuisson, administrative director of DGI;
Edez Calixte, director general of Ministry of Immigration and Emigration;
Ruth Desir Pincon, accountant in Ministry of Interior;

This is a list of state employees banned from leaving the country by the government commissioner.

Public Administration Experiences More Turmoil

FL2002041591 Port-au-Prince Radio Soleil Network in Creole 1200 GMT 19 Feb 91

[Excerpts] The troubles which began last week still continue in public administration, which needs to be restructured so that democracy can progress.

The Port-au-Prince City Hall was closed for reforms last week but some employees who are temporarily free from duty are protesting as much as they can by saying that the situation cannot continue.

At the Minoterie d'Haiti [national flour company] people still do not want to accept Gerard Allen as director [the Minoterie general manager]. At the same time, there is a problem concerning wheat bran which pig breeders seemingly cannot find.

At the Loterie de l'Etat Haitien [Haitian State Lottery] the people have asked the director to quit if this office is to continue working.

At the CAMEP [Drinking Water Metropolitan Autonomous Central] it seems that things are even worse. Yesterday the employees began blocking the entry of 22 office directors into the building and they asked them not to return to the CAMEP. No CAMEP service worked today, Monday, 18 February 1991 [date as heard], on the initiative by a group of employees who are asking for the dismissal of the general manager, Mr. Gehu [name as heard]. They accuse the general manager of misappropriating public funds and squandering state properties. They say that management has been making grave threats against them since 7 January [date of attempted Lafontant coup], alleging that they would chase [words indistinct] off after 7 February 1991. [passage omitted]

The CAMEP planning manager, Herve Pierre-Louis, has reacted. He says that he is surprised to see that numerous CAMEP employees have banned 22 managerial staff members, including the board of directors, from entering the institution. He said, furthermore, that he was even more surprised when he heard on the radio that these same employees have designated him to act as deputy in the general management of the institution without consulting him. He does not agree with this. He advises that he is clarifying the following points for the information of these employees and all other concerned people:

Given that he is a member of the CAMEP board of directors, he will not support any act.... [correcting himself] Instead, he will answer for.... [changes thought] He will support all that the board does and remains in solidarity with his colleagues. He says that he is not a partisan of indiscipline, disrespect, or slander. He cannot support in any way the employees' acts or the unfavorable words they are sending to the press.

He asserts that the way he understands professional ethics allows him to know how one can get a promotion. One can obtain a promotion based on one's honesty, competency, and efficacy in work, but not based on causing trouble.

This note was signed by Engineer Herve Pierre-Louis, the CAMEP planning manager.

Belize

Honduran President Callejas First To Visit

FL1902160091 Bridgetown CANA in English 1534 GMT 19 Feb 91

[Text] Belize City, Feb. 19, CANA—Honduran President Rafael Leonardo Callejas, on a state visit to neighbouring Belize, says it is important that Latin America moves to a liberal free trade zone.

In an address to a joint session of the Senate and House of Representatives of this English-speaking neighbour on Monday, he called for cooperation in health social services and agriculture. Callejas said he wanted the Munda Maya tourist link, which runs from Mexico, through Belize, to Honduras to be extended. The Honduran president is accompanied on the trip by a delegation of cabinet members and business leaders.

It is expected that a joint agreement on tourism will be signed, and that other discussions will take place on conservation of fish stocks.

This is the first visit of a Honduran leader to neighbouring Belize, and comes hard on the heals of Belize's full acceptance into the Organisation of American States in early January. President Callejas was met on arrival Monday by Prime Minister George Price and presented to members of his cabinet.

"Good relations have always existed, (between Belize and Honduras)," said Price in his welcome address. "My wishes are that your visit be pleasant, and for it to strengthen the friendship of two Central American countries." Price spoke of the many Hondurans who cross the Bay of Honduras to work in the Belize banana industry, and to the Belizean students who are studying agriculture in Honduras.

In his reply, Callejas referred to the ancient Maya culture which links the two countries, saying, "We are brothers and sisters by our ancestors and our past. Belize has given hospitality to many Hondurans, and with my presence here, I come to reaffirm the love for your nation."

Later at the state capital, Belmopan, the president met Governor General Dame Minita Gordon before addressing a joint session of the Parliament.

El Salvador

FMLN Asks Military To Suspend Operations

PA2002034391 Paris AFP in Spanish 0248 GMT 20 Feb 91

[Excerpts] San Salvador, 19 Feb (AFP)—The Salvadoran guerrilla groups have asked the Army and government to suspend the offensive military operations that "obstruct the negotiation process," and to facilitate the dialogue that the two parties' delegations renewed today in San Jose, Costa Rica.

A communique from the Farabundo Marti National Liberation Front (FMLN) says that "it is better to immediately suspend military actions and give the negotiations every chance to achieve a cease-fire in the least amount of time possible."

Government and FMLN delegates began a new round of talks today in San Jose to search for political agreements on a cease-fire to the armed conflict.

The guerrilla groups said that Alfredo Cristiani's government has recently shown that it wants to prolong the war and preclude the negotiations, while asking the FMLN for a truce during the municipal and legislative elections scheduled for next month. [passage omitted]

The FMLN general command also announced that the Salvadoran delegation will demand that the government investigate the massacre of 15 peasants, which occurred on 21 January on the outskirts of San Salvador, and the attack that destroyed the opposition newspaper DIARIO LATINO on 9 February.

The communique also reasserts: "As long as the military does not suspend its operations and bombardment, we will respond with military actions in our legitimate defense."

Rebels Report 45 Army Casualties in '24 Hours'

PA1902202591 (Clandestine) Radio Farabundo Marti in Spanish to El Salvador 0000 GMT 19 Feb 91

[Text] In the past 24 hours, we have inflicted 45 casualties on the Army. Of these, 15 have been inflicted on the Atlacatl Battalion and 12 [as heard] at the installations of the general staff of President Cristiani and Defense Minister Ponce.

We repeat our information. Fourteen members of the Atlacatl Battalion were wounded and one was killed in San Jose Las Flores. Military Detachment No. 1 sustained eight casualties in the jurisdiction of Las Vueltas, Chalatenango Department. The troops of the Tehuacan Battalion under the 5th Infantry Brigade sustained 10 casualties on 17 February. The urban commandos report six dead and 12 wounded in our attack today on the Armed Forces' joint chiefs of staff installations.

Communique on 'Aggression' Action in Chalatenango

PA1902234291 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 16 Feb 91

[Communique issued by the Modesto Ramirez Central Front of the Farabundo Marti National Liberation Front (FMLN) in Chalatenango Department on 15 February—read by announcer]

[Text] We wish to inform our people that the top Army command began a military operation of aggression against Chalatenango Department on 14 February. The Atlacatl, Suchitlan, and Sumpul Battalions, all of them part of Military Detachment No. 1, are participating in the action.

In addition, on 14 February Salvadoran Air Force helicopters deployed troops and equipment to the 5 November dam. This new aggression against zones under FMLN control in Chalatenango is part of the government's maneuver to hinder the negotiating process between the government and the FMLN with UN mediation.

We order all members of the National Army for Democracy in Chalatenango Department to remain on alert and combat-ready to confront, hit, and destroy this new aggression. Let us fight this enemy with all our means and energy, as it is an enemy that has emerged within the framework of elections in our country.

Revolution or death, we will win!
Joint Command of the National Army for Democracy
Chalatenango Department, 15 February 1991

Radio Venceremos Cites Bishop on Zapote Massacre

PA1902220691 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 19 Feb 91

[Text] In an attempt to clear up the Armed Forces crimes, on 18 February the Ayutuxtepeque judge presented two women who supposedly are involved in the El Zapote massacre, in which 15 members of a family were murdered by the 1st Infantry Brigade—according to the Catholic Church and other humanitarian and people's organizations. The Governmental Commission to Investigate Criminal Actions maintains that three former military officers and two women are the guilty parties. Supposedly, the two women Maria Cristina Vasquez and Natividad Vasquez Rosales, who are now under arrest, participated in the crime. The Ayutuxtepeque judge said that the women's testimonies indicate that the reason for the crime was a feud between families for causes [words indistinct]. When the two women talked to reporters, however, they left many doubts because they made contradictory statements concerning the murderers.

The Catholic Church reaffirmed its charges against the 1st Brigade and said it was responsible for the massacre of the 15 peasants. San Salvador Auxiliary Bishop Monsignor Gregorio Rosa Chavez stated that the 1st Infantry Brigade members are responsible for the massacre that occurred on 22 January and that the massacre will test the government's willingness to clarify it and accept the truth.

As a result of the accusations that the Catholic Church leveled at the 1st Brigade over this massacre, officials of the Arena [National Republican Alliance] government involved the Archbishopric's Legal Aid Office in an alleged alliance with political and union sectors which reportedly are trying to undermine the coming elections. Rosa Chavez said that this wave of accusations will result in strengthening the Legal Aid Office. He also regretted this government policy.

[Begin Rosa Chavez recording] This wave of accusations will strengthen the Legal Aid Office even more. We hope to continue our work, and we regret the government policy on this matter. We are hereby presenting to you the seriousness of these charges in the voice of a government spokesman. The government, however, has forgotten something. We are not a hacienda lost in the jungle. We are a country in the eyes of the world. We have diplomats and international press as well. [end recording]

Rebels Say Government Creates 'False' Image

PA1902175391 Mexico City NOTIMEX in Spanish 1141 GMT 17 Feb 91

[Text] Mexico City, 17 Feb (NOTIMEX)—The Salvadoran guerrilla groups today accused President Alfredo Cristiani's government of using the peace talks' status of "confidentiality" to create a "false" image about a prompt solution to the war in that country.

Ever since the negotiations began last year, in accordance with the guidelines established by the "Caracas Agenda," the two parties agreed not to publicize the progress achieved in the peace talks until they reach political agreements that advocate peace.

The negotiations have again reached "a deadlock," according to Dagoberto Gutierrez, member of the Farabundo Marti National Liberation Front (FMLN) political-diplomatic commission.

Gutierrez confirmed that a new meeting will be held between the government and the FMLN on Tuesday 19 February, with the mediation of UN Secretary Javier Perez de Cuellar's representative, Alvaro de Soto, but he did not specify the place.

He said that the mechanisms for purging and reorganizing the government's security forces are still the most complex topic in the negotiations which have been permanently under way since last year in several Latin American countries.

Gutierrez said that the implementation of a possible cease-fire by the two parties will probably occur when the negotiating process is "halfway over."

Gutierrez said that the negotiations have entered a "complicated and complex" moment that will be settled "pretty soon"—but their definition "will depend on the correlation of forces." He also predicted that the two sides will soon "increase their political-military actions."

According to Gutierrez, the government intends to capitalize on its optimistic speeches about the negotiations and the possibility of a cease-fire for the 10 March elections. It also intends to obtain the release of the military aid that the United States has held contingent upon progress achieved in the peace talks.

The FMLN is trying to counter the strategy with an information campaign—aimed at the country's social groups and political parties, as well as "friendly governments"—on the true situation of the negotiations.

Dagoberto Gutierrez said that the circles of power in El Salvador have "revived the old military dream of defeating the FMLN."

According to Gutierrez, the Armed Forces high command's "military dream" was prompted, among other things, by the events in Eastern Europe; the change of government in Nicaragua; and, more recently, by the hope that the United States will impose its will in the Persian Gulf—and, thereby, its hegemony in the world.

"The government has a geopolitical concept about the situation in El Salvador, but it does not take into consideration the internal reality," he said.

Gutierrez said that the recent attack on DIARIO LATINO, the death of a Democratic Convergence activist, the massacre of 15 peasants, and the threats against religious leaders—among others—prove that the government and the Armed Forces intend to negate the political progress achieved "by fire and sword" in El Salvador.

Asttel Workers Reject Defense Minister's Charge

PA1902164291 San Salvador Radio Cadena YSKL in Spanish 1200 GMT 19 Feb 91

[Text] The Association of Salvadoran Telecommunications Workers [Asttel] rejected the charge by Defense Minister General Rene Emilio Ponce, who accused the labor organization of participating with the guerrillas in the attack on the Joint Chiefs of Staff.

An Asttel spokesperson told YSKL: We deny Ponce's statements because they seek to misinterpret the activities being carried out by the workers. One hundred Asttel workers staged a 12-hour-strike in the streets yesterday to demand, among other things, better social benefits for the workers.

The military chief said that Asttel had possibly participated in coordinating with the guerrillas in the attack on the Joint Chiefs of Staff.

Guatemala

Foreign Minister Comments on External Debt

PA1902184691 Guatemala City EL GRAFICO in Spanish 17 Feb 91 p 6

[Report by Carlos Garcia Urrea]

[Text] Foreign Minister Alvaro Arzu has categorically denied that the Guatemalan Government has a commitment with creditor countries to pay the foreign debt using assets in our country.

Arzu said that there has been some concern because of the news that Mexico is going to participate in the privatization of state enterprises. That is not going to happen, Arzu said. He said it is true that this kind of offer is always made by creditor countries such as Mexico, Venezuela, Spain, and even Costa Rica.

These countries, the foreign minister added, say that they would be willing to change part of the foreign debt Guatemala has with them for some kind of co-ownership or for ownership of assets in the country. He explained, however, that this does not mean that Guatemala has accepted. This is just some information that was made public.

The truth, Arzu affirmed, is that creditor countries have made this kind of proposal and it is up to Guatemala whether to accept it or not. He said that so far, this kind of exchange has not been considered at all, but what is being considered is simply to renegotiate the payment terms.

Nicaragua

Presidency Minister Condemns Killing of Bermudez

PA1902200191 Managua Domestic Service in Spanish 1330 GMT 19 Feb 91

[Text] The Nicaraguan Government will make every possible effort to solve the assassination of Enrique Bermudez Varela, Minister of the Presidency Antonio Lacayo said on 18 February after condemning the killing of the leader of the disbanded Nicaraguan Resistance [RN].

After the religious service in memory of Bermudez Varela, Minister Lacayo told the press that despite the tragic death of the former RN leader, he is confident that the celebrations of the first anniversary of the people's victory on 25 February, the day when the Sandinists were defeated at the polls, will not be subdued.

[Begin recording] [Lacayo] The government has clearly condemned these acts of cowardice, which are an attack against the national reconciliation process that Mrs. Violeta de Chamorro has been promoting in Nicaragua because violence must be banished from this country. Political assassination must not exist in Nicaragua. It is condemnable.

[Reporter] [Words indistinct] doing?

[Lacayo] We are going to wait for the investigations of the Government Ministry. Mrs. Chamorro has ordered a thorough investigation to find those responsible and enforce the law.

[Reporter] The RN members are demanding an eye for an eye and a tooth for a tooth. Do you think this crime can lead to a wave of violence?

[Lacayo] I think we must not only continue to carry out what is established in the program of the government for which the vast majority of our people voted, but we must also listen to the words of the Catholic Church which has said that we must leave justice in God's hands and

continue our efforts to reconcile Nicaraguans. This is the only way to prevent a return to war in Nicaragua.

[Reporter] [Words indistinct].

[Lacayo] There is much speculation. I understand you journalists have more. As a government, however, we will wait for the investigations of the case.

[Reporter] Will this case end up unsolved like that of the youth named Genie?

[Lacayo] You know that when this type of crime occurs, even in the most modern countries like the United States, these crimes remain unsolved for many years. There is the case of the assassination of President Kennedy, which has yet to be clarified. The case of Dr. Pedro Joaquin Chamorro was never solved. This is not due to a lack of political willingness. Sometimes these crimes are so well-planned that it is virtually impossible to find the perpetrators or the masterminds of the crimes. [end recording]

Government Condemns Bermudez Death; Probe Ordered

PA1902190191 Managua Domestic Service in Spanish 1353 GMT 19 Feb 91

["Official communique" issued by the Government of Nicaragua—read by Labor Minister Francisco Rosales]

[Text] Following instructions sent by Nicaraguan President Violeta Barrios de Chamorro from Prague, Czechoslovakia, the Directorate of Information and Press of the Presidency of the Republic hereby announces the following communique to the Nicaraguan people:

The president of the Republic of Nicaragua, whereas:

1. The policy of national reconciliation promoted by the government of Violeta Barrios de Chamorro, and the general amnesty that was granted, made it possible for Enrique Bermudez Varela to return to his fatherland, Nicaragua, in order to join normal activities in a civic and free manner, fully enjoying his rights as a citizen;

2. The participation of Enrique Bermudez Varela in such activities constituted a significant contribution to the pacification of the country, providing an example of confidence and trust to the government's policy of reconciliation;

3. The brutal and senseless crime of Bermudez Varela is not only deplored by the government and the people in general, but it is also a threat against national reconciliation and the stability of the country;

Therefore, be it resolved:

To condemn the murder of Enrique Bermudez Varela and to order an immediate and thorough investigation of the crime, so that the persons responsible for that crime will be punished under the full weight of the law.

An official delegation is hereby appointed to represent the government of the Republic and accompany the relatives of the deceased during the wake and other ceremonies being held today in memory of Bermudez Varela at the Nicaraguan Institute of Repatriation.

This delegation is made up of the following members of the Cabinet: Labor Minister Francisco Rosales Arguello, Deputy Foreign Minister Ernesto Leal, Jose Cuadra, director of the Nicaraguan Institute of Insurance and Reinsurance; and Roger Mendieta, director of the Nicaraguan Institute of Water Works.

At the same time, the government orders the appointment of another official delegation to represent the Nicaraguan Government and accompany the coffin containing the mortal remains of Enrique Bermudez Varela to the city of Miami and to attend the funeral services to be held in that city.

That delegation will be made up of the following: Pedro Joaquin Chamorro Barrios, personal delegate of the president of the Republic; Jaime Icabalceta, minister of construction and transportation; Gladys Ramirez, director of the Nicaraguan Institute of Culture; Oscar Sobalvarro, deputy director of the Nicaraguan Institute of Repatriation; Carlos Garcia, deputy director of the Nicaraguan Sports Institute; Azucena Ferrey, representative of the National Assembly. [dated] Managua, 18 February 1991.

Lacayo on Foreign Debt, Gulf, Other Issues

PA1602233291 Managua Domestic Service in Spanish 2235 GMT 15 Feb 91

[News conference by Minister of the Presidency Antonio Lacayo with unidentified local and foreign reporters at the Augusto Cesar Sandino International Airport in Managua—live]

[Text] [Lacayo] Good afternoon, friends of the local and foreign media. I want to share with you briefly, and through you with the public, the results of two weeks of intensive work and important achievements for Nicaragua and all Nicaraguans. First I led the government delegation that visited Washington last week, and then I was part of President Chamorro's retinue during her visit to Japan.

The first thing I must stress is that in both countries we obtained significant commitments to Nicaragua from the U.S. and Japanese Governments, which I believe is very important for our country and its immediate future.

When I returned from Washington last September, I was worried by what I saw during my visit. I clearly expressed those feelings to the press, without caring about the burlesque commentaries that sometimes are made when one speaks frankly. Today I tell you with the same sincerity that I have returned optimistic and pleased.

In Washington we met with Vice President Quayle, Secretary of State Baker, U.S. Treasury Secretary Brady, State Department officials, AID personnel in charge of Latin America, members of the four leading U.S. congressional committees, the presidents of the IMF, World Bank, and Inter-American Development Bank [IDB], the most influential political sectors, and friends in the U.S. media.

Everywhere the Nicaraguan delegation clearly explained the situation we found in this country on 25 April when President Chamorro and her cabinet assumed their responsibilities. We informed them of what we have done and what we have not been able to do during the first nine months of this government, which we considered the preparatory phase—the period between 25 April and 10 January. We also informed them of our plans for 1991.

We said that in 1990 the Nicaraguan Government's priority was consolidating peace, including the disarmament of the Nicaraguan Resistance members, the assignment of land for them, the reduction of the Army and of military expenses, and the promotion of an agreement among the managerial group, workers, and the government.

We also said that as a result of those actions we are now in a position to dedicate our efforts in 1991 to stabilizing our economy, stopping the hyperinflation and the continuous weekly devaluations, reducing the high cost of living and speculation, and attracting national and foreign investments that will permit the opening of new sources of employment, the reactivation of enterprises now working at half their capacity, a general increase of economic activities, and the beginning of construction projects, such as houses, road repair, and so forth.

In Washington we received great support for Nicaragua and all Nicaraguans. There is special interest in helping Nicaragua, so that we can consolidate an exemplary democracy and build a stable economy in Nicaragua.

We must realize that all the debates that existed for years in Washington about the contras and the Sandinists are over. We must also realize that the solution that our country finally found through free and honest elections made it possible for all sectors in Washington to save face, and that the policy of reconciliation promoted by our president is respected and viewed positively by all sectors in the U.S. capital.

Consequently, in addition to the $538 million that the United States has given Nicaragua in 1990 and 1991, we were assured that in 1992 Nicaragua will receive a similar amount of U.S. aid as in 1991; in other words, an additional $200 million.

Furthermore, in talks held with top IDB and World Bank officials, we clearly saw the possibility of receiving approximately $500 million from those two multinational organizations in 1992 and 1993, after settling our arrears and overdue debt problems with them.

Those funds would be used on the economic stabilization program and on projects such as country road repair work, on health and education projects, and on projects for agricultural development—projects aimed at boosting our economy.

President Violeta Chamorro and her retinue met this week in Japan with Japanese Prime Minister Toshiki Kaifu; Emperor Akihito and the royal family; with the leadership of the House of Councillors of Japan—which is the equivalent of the Senate or upper chamber—chaired by Speaker Tsuchiya; with the chairman of the House of Representatives—the lower chamber—of Japan, Mr. (Bakurauchi); and with a group of deputies headed by (Karosaura) who compose the parliamentary group that will be in close contact with Nicaragua.

They also met with the private sector comprised in the association called [name indistinct], where enterprises such as Toyota, Datsun, Mitsubishi, and the most important Japanese corporations are represented; and with Mrs. Doi, chairwoman of the Socialist Party, Japan's main opposition party.

In addition to a $7 million donation for our balance of payments and to scholarships for Nicaraguan students wanting to study in Japan, and the sending of Japanese volunteers who would work in various sectors of our economy, especially in the countryside, we were assured that Japan would actively participate in the granting of two soft long-term credits for approximately $50 million each. One credit line would be directed at paying bills owed to the World Bank and the IDB, and the second one would be used to strengthen our economic stabilization program for 1992.

Japan is interested in financing the Larreynaga hydroelectric project, which would use the waters of the Centro America Dam to generate additional energy, and a longer-term project.

It is worth pointing out that in Japan Mrs. Chamorro and the Nicaraguan Government, in representation of all the Nicaraguan people, received an extraordinary welcome. Her visit received broad coverage from all the Japanese media, something unusual in those countries, where foreign policy is dealt with in a relatively circumspect fashion. The visitors evoked broad acceptance from all political and economic sectors with which Mrs. Chamorro met.

Undoubtedly this will serve to guarantee Japan's participation in these two important credits, on which a final decision will be made at the 25 March meeting in Washington, where donating countries and friends of Nicaragua will decide on how they will participate in this effort Nicaragua is making to pay the overdue debts with the World Bank and the IDB that the Sandinist Government left behind, a debt that amounts to $350 million.

That is basically what I wanted to tell you. Japan-....[changes thought] Like I said, Japan's aid is important for Nicaragua's future and Japanese aid during the last

two decades has essentially helped countries like Taiwan, Suriname, and—more recently—Malaysia and Indonesia, so that they could achieve development levels that are much higher than those achieved by Third World countries. We think that this visit has helped bring Nicaragua and Japan closer, and we hope that we will continuously receive Japanese aid in the future—in the volumes that Japan has helped those nations in the Asian hemisphere.

It is obvious that....[changes thought] We believe that our country must reciprocate this with hard work, discipline, patience, and confidence in the future. Just like the Nicaraguans were able to defeat the Somozist dictatorship; just like the Nicaraguans were able to end the war among Nicaraguans; and just like the Nicaraguans successfully completed the 1990 electoral process, we will also successfully solve the economic crisis that has been afflicting our country. The economic crisis will be solved so that we may achieve a vigorous economy and so that Nicaragua may become an exemplary country. Thank you.

[Reporter] Referring to the offer [words indistinct] aid of approximately $500 million for 1992-1993, which you have mentioned, is this aid held contingent with some kind of pledge from the Nicaraguan Government to implement shock measures, as it was announced by a member of your delegation in Washington?

[Lacayo] I would not call them shock measures because we have been in shock for more than two, three, or four years. You call them shock measures when a country which enjoyed a relative bonanza suddenly has to adjust itself to a reality. We have adjusted ourselves to that reality in Nicaragua for quite a time. Therefore, instead of calling them shock measures—it is difficult to shock the situation we have had to withstand for three or four years—I think they are actually corrective and discipline measures in the economic sector.

For example, the government definitely cannot continue to grant loans to people who cannot possibly pay those loans. Otherwise, they would not be loans; they would be donations. The Nicaraguan Government has not been authorized, either by the National Assembly or by the people, to grant donations to persons who claim that they are producers and request a credit—but have no intention of paying the credit. That is over now.

Also, I do not think the central government will be able to keep on spending in excess of its revenues, except for the foreign resources we are able to get for our economy. This means that we must exert ourselves so that taxes are equitably distributed in Nicaragua. Thus, no one will evade his obligation to pay taxes to support the social benefits that our economy and all our population demand. Consequently, no businessman or merchant will be able to work without paying his taxes; and the government must strive to improve its tax collection system to meet its public expenditures. However, I would not call these shock measures because, I repeat, we have been in shock for quite a time.

[Reporter] The country faces a difficult situation concerning the doctors and other social groups. The FNT [National Workers' Front] recently announced that it will undertake measures on 19 February, including marches and different forms of struggle to counter a situation that they term as critical—economically speaking. The government claims that it has a budget problem, no? What plans does the government have to counter this situation?

[Lacayo] I think that the solution will be found through dialogue, by the doctors and the members of the FNT becoming objectively aware of the situation in the country, of the true limitations the central government has to satisfy their demands. This means sharing information so that they, as responsible people, can make good decisions.

[Reporter] Engineer, talking about the Nicaraguan Government's foreign policy, what is your opinion about Iraq's decision, meaning their pledge? It has just issued a proposal. It will leave Kuwait if Israel withdraws from the occupied territories.

[Lacayo] In foreign policy, Nicaragua rigorously respects UN resolutions. There is a UN resolution on Kuwait, and we believe it is important that Iraq abide by it. There are UN resolutions on Israel also, and we believe that Israel must conform to those resolutions. We believe that the international forum created to resolve international conflicts, following World War II, must be respected by everybody and its resolutions obeyed by the countries involved.

[Reporter] I would like to ask two questions on behalf of Eco Television from Mexico. The first question refers to a topic that has been frequently discussed but is still brought up. It deals with the person who is left in charge of the Nicaraguan Government while Mrs. Chamorro is out of the country. For example, Minister Hurtado, who was in charge, left this morning, so there was a void until you arrived this afternoon. Consequently, we would like to know who is in charge of the government because this is not clear, and the vice president still does not assume a function that he could normally assume.

[Lacayo] With pleasure. The post of acting president does not exist in our constitution. Our constitution mentions a president, a vice president, and several ministers—who are appointed by the president of the Republic. The constitution states that the vice president of the Republic will assume the role of the president in case of the president's absence. A National Assembly law issued late last year ammended this constitutional article and defined as absence of the president a period which exceeds 30 days.

President Chamorro left scarcely a week ago and is scheduled to return home by 22 February. In other words, she will have been away for less than 30 days. In

this case she will simply continue being the president of the Republic and the vice president will not assume the Presidency because the president's trip will not have exceded 30 days.

[Reporter] [Words indistinct] labor sector. We know that although President Chamorro is abroad she is aware of everything that is happening in the country. I would like you to tell us a little about the government's policy with regard to the current situation with workers and unions in the country.

[Lacayo] I repeat, the government's position with regard to any labor conflict is to talk with the labor leaders involved in the conflict, be they doctors or spokesmen for the FNT, the Workers Permanent Congress, or any other labor union in our country. We believe that in a de jure state the way to resolve conflicts is through dialogue, by having the unions express their concerns, by the government stating the solutions that it may have, and the solutions that do not exist, because the worst thing is to believe that solutions exist and then have them turn out to be legally unfeasible.

[Reporter] It can be said that there are two or three Latin American countries that have enjoyed economic success in past years. Chile and Bolivia are among these countries. It can also be said that Chile used a neo-liberal system, while Mexico more or less used a concerted effort, which is the system that Nicaragua is pursuing, and Bolivia also used the neo-liberal system. However, there are differences between the Mexican and Nicaraguan systems because (?Mexico) did not have a hyper-inflation crisis. What model will be used for Nicaragua's economic recovery, and what did you tell the economic officials in Washington concerning a system to achieve economic success?

[Lacayo] There is no doubt that Nicaragua's economic problems are much greater than those of Mexico, Bolivia, or Chile. Our problems are much more serious than the problems faced by any Latin American country at present. Our problems are the result of 10 years of war, of practically three years of an acute hyper-inflationary process, of Nicaragua not having had any investments over the past 12 years—neither public or private—worthy of being described as such, of the existence of widely different exchanges rates within our economy, the massive exodus of professionals and qualified workers to exile, and of the entire process of nationalizing the economy and edging out the private sector. These are very serious problems.

The model that Nicaragua will follow, the one it would like to follow, is stated in the National Opposition Union's government platform. It consists of a market economy that strongly underscores social justice, but is based primarily on the initiative, creativity, and effort of each and every Nicaraguan, and foreign investment. The state will offer guidance and help but it will allow the Nicaraguans to work. This is our philosophy and I am pleased that it is currently being used, not only in capitalist countries, but by socialist and communist countries who have found that after 30, 40, or 50 years of centralized planning, their economies do not respond to their needs, and they are changing to models where there is more freedom and greater support for the private sector. This is the case in the USSR.

[Reporter] You have insisted on the need for dialogue between the conflicting sectors and the government so that those sectors can understand the situation in the country. Nevertheless, in the case of the private sector's health workers, many meetings have been held without reaching any agreements. They say that they have been threatened by the police. Meanwhile, there was also hope that the president's tour would yield some solution for the health workers' salary demands. What information do you have in this regard?

[Lacayo] We have talked at length with the health workers. The health minister met with them on several occasions. The finance minister also met with them on several occasions. The government in general is still interested in meeting with them and explaining the possibilities of our economy, to objectively analyze our current situation. This is the first time I hear that they have been threatened. I am surprised that a state like ours, which is actually termed as weak, is suddenly portrayed as threatening. We are suddenly given a strength that is new to me. Nevertheless, I would like to know who has been threatened, if they have really been threatened, because this government does not threaten. This government talks; this government reasons; and this government tries to convince and solve things—but it never threatens.

[Reporter] Mr. Minister of the Presidency, you were close to the Nicaraguan president during her visit to Japan. What are the possibilities of successfully renegotiating our foreign debt and receiving economic resources for our country during her visits to Belgium, Germany, and Czechoslovakia?

[Lacayo] I think that Mrs. Violeta de Chamorro will bring the same message she brought to Japan when she arrives in Belgium, where the EEC's headquarters are located, as well as Czechoslovakia and Germany. In other words, it will be the message that Nicaragua needs to consolidate its democracy; that Nicaragua needs to strengthen its system of public freedoms, its national concerted system, and its national reconciliation; and, therefore, it needs to solve its economic situation.

I am sure that Mrs. Chamorro will use these arguments to issue an appeal to the EC and the German Government, urging them to actively participate in our economic reconstruction. We are certainly facing difficult times. Europe, meaning the EEC, has an enormous challenge and an enormous obligation regarding former socialist bloc nations—what is known as Eastern Europe. They are basically striving to sponsor the growth of those

economies; and the stabilization and consolidation of the democratic regimes which have barely started in those countries.

Germany's case is even more complicated because the government has the peremptory obligation to absorb former citizens of what was known as the GDR—which is now part of its citizenry and territory—in its political and economic system. The government must offer these citizens the same lifestyle that the FRG citizens have, and this is a monumental task because their lifestyle was far below [as heard] that of the GDR people.

Nevertheless, I am quite sure that Mrs. Chamorro's message on behalf of all the Nicaraguans will be welcomed by the EC governments and by Germany, and they will grant it the necessary understanding. Just as she received the solidarity that we sought in Japan, we are sure that she will find that same solidarity—particularly in Germany.

Thank you, everyone.

Government Ministry Creates Anti-Drug Department

PA1702211191 Managua Radio Corporacion in Spanish 2300 GMT 12 Feb 91

[Text] The Ministry of Government has created an anti-drug department and has begun training and equipping its personnel and facilities to fight the activities of the Colombian cartels in Nicaragua.

Preliminary police investigations have revealed that a fair amount of cocaine enters Nicaragua via (Corn) Island, Bluefields and Puerto Cabezas, which have maritime connections with the Colombian island of San Andres. From that Colombian island they also have connections with Puerto Lempira in Honduras, and Puerto Limon in Costa Rica.

The drug traffickers want to turn Nicaragua into a springboard for sending cocaine to the United States, where lucrative profits can be obtained.

In the meantime, the traffickers are trying to get into the private schools, where the police have already announced that they will exercise strict surveillance, now that the new school year is about to begin.

Article Calls For FSLN 'Transition Congress'

PA1902163791 Managua BARRICADA in Spanish 16 Feb 91 p 3

[Article entitled "A Transition Congress" by Augusto Zamora, former director of the Foreign Ministry Legal Department under the Sandinist administration]

[Text] The first FSLN [Sandinist National Liberation Front] congress is surrounded by many contradictions and questions. Internationally, the world faces the grave political and military crisis of the Persian Gulf, which could either end soon or get worse. Domestically, we are experiencing the biggest economic and political crisis in our history, with no solution in sight. Internally, the FSLN faces an identity crisis which might lead to division.

In light of such a situation, logic tells us that the first FSLN congress should center its efforts on the internal recomposition of Sandinism. This does not seem to be the best time for important decisions, because the current war situation could lead to dramatic changes in the world and, consequently, in Nicaragua. Moreover, the most minimum sense of reality forces us to view this first congress as a transition phase to prepare the way for a second congress. A second congress in 1993 would be used to draw up the FSLN's platform and campaign strategy for the next elections.

The immediate tasks are: internal recomposition, readjustment to the new situation, definition of the leadership and the figures of Sandinism, establishment of the basic ideological lines—nationalism, anti-imperialism, defense of the national sovereignty, economic development—and determination of a minimum strategy in the face of the national crisis. A response to these issues seems to be sufficient for this transition phase.

The first congress' greatest challenge is to meet the expectations we all have. The FSLN's future and the maintenance and strengthening of its unity depend to a great extent on the congress' success. Many are afraid that the congress will only serve the electioneering interests of a few. Some people even have doubts about the validity of the congress and say that it will be useless to participate. Because of so many problems and uncertainties, the first FSLN congress should not be definitive. However, we should not wait five years to hold another congress. It must be a congress of transition from what the FSLN was in the past to what we want it to be: the FSLN that will lead us to a return to power in 1996.

Based on some information that is being disclosed, some individuals seem to be in a hurry. It has been said that 14,000 FSLN members have been consulted, and that the news has surprised all of us. It is said that the congress will be completely open but there is no in-depth information about the party's real situation. To some extent, the discussions are directed at touching abstract topics when the correct thing would be to address concrete aspects that respond to the members' real concerns. The time is short and the tasks are many. Therefore, we believe it will be very difficult for the congress to resolve the in-depth problems of the FSLN. Because of all these reasons, this must be a transition congress.

Officials Reportedly Involved in Drug Trafficking

PA1702212091 Managua Radio Ya in Spanish 1200 GMT 14 Feb 91

[Text] The [word indistinct] news has reported that, according to unofficial sources, four officials from the Government Ministry are using drugs and involved drug trafficking.

The officials are the chief of police in Masaya, the deputy chief of internal affairs in Granada, the deputy chief of internal affairs in Rivas, and the chief of information of the Interior Ministry office in Region 4.

The same source says that all four hold the rank of deputy commander and that they are involved in drug trafficking. The drugs come from Costa Rica and the officials keep some for their personal use.

New Cordoba Devaluation Announced 18 Feb

PA1802163691 Managua Domestic Service in Spanish 1330 GMT 18 Feb 91

[Text] Continuing with the periodic devaluations of the cordoba, as of today the U.S. dollar is quoted at 4,950,000 cordobas per dollar.

Consequently, the price of fuel and other products of popular consumption will increase. Such is the case with bottled gas for cooking, and fuel for enterprises and automobiles.

* Agenda, Timetable for FSLN Congress Discussed

91CA0056C Managua BARRICADA in Spanish 29 Dec 90 p 3

[Article by Henry Ruiz]

[Text] The National Directorate proposed that the 1st Congress of the Sandinist National Liberation Front (FSLN) be held in July 1991. The cadres meeting in El Crucero proposed that the date be changed to February of that year.

This change was accepted without much thought. The National Directorate did not give its reasons, and accepted the general recommendations made by that body. Then elements of the democratization process were introduced into the organization of the congress. A call was issued to all Sandinist and non-Sandinist forces to participate in the discussion of the main ideas of the documents intended for the congress.

We must admit that it was our lack of experience in planning this type of activity (which is a serious, complex, and significant event in the life of any party) that led us to come up with participative designs and ideas. We went from one extreme of overestimating the deliberative capacity of the masses, to the other extreme of underestimating the importance of this type of event.

New Congress Date

The idea that we could do it all, simultaneously, clashed with the organic reality of the moment. It is not possible to view the congress as an extraordinary event because of its size and not because of its importance, its inherent ability to change the nature of the party and the policies we are currently pursuing. In other words, this is an event that requires total dedication; the life and future of the FSLN depend on it. It was for this reason that the National Directorate asked that the date be postponed to July 1991.

The organic reality of today is quite different from the reality in which we were accustomed to operate. The FSLN is a social and political force that operates in the national environment; in this regard, it cannot and could not be above the effects of the country's economic crisis.

"Survival" is a reality that affects the organic activity of the FSLN. Failing to understand this fact means overlooking other facts, such as those involved in the transition from a party with a major professional structure and great vertical discipline to one with other, less professional structures and horizontal discipline. That is, the tasks of redesigning the FSLN are not secondary tasks that can or could be effected, fulfilled, and carried out with prevailing styles and modalities that would have quickly become obsolete. To persist in such modalities and styles would be to threaten the integrity of the FSLN.

In my opinion, now it is a matter of creating structures that function by responding to a previously established design and which are able to put the entire mechanism together so that it works. The design is [informatic], meaning that its model should function, run, resolve the questions that are posed, just as it was intended, and that it can accept modifications without being destroyed.

This is a new structural design whose architecture makes it possible to resolve the new organizational problems posed by the political, social, and economic reality. It is also a design that incorporates the new quality factors without preventing the transforming political action to which we referred above. What we have is a revolutionary "modelistics," given that it is able to look to the future with certainty and carry over relevant productive factors from the past.

In practical terms, we must decisively adopt the organic changes that become necessary, adhering to criteria of political appropriateness and suitability.

The national political developments that took place between June, when the date of the congress was approved in El Crucero, and late October, culminating in the signing of the National Dialogue Accords, were combined in the life of the FSLN with a new and powerful process of political discussion regarding the internal life of the party.

No one among our membership could criticize the FSLN for committing its best political and organic efforts to ensure that the dialogue process would yield significant advances toward the defense of the fundamental conquests of the Revolution.

We must recall that there are no national or international precedents for a revolutionary party acting in the opposition, defending the accomplishments and changes that it initiated when it was in power. The FSLN has blazed a trail, and without a map.

We in the National Directorate feel that the February date, given the rate at which preparatory work for the congress was proceeding, was too soon, too precipitous. Other obligations (the international demand that the FSLN be present at various events, including congresses of friendly parties; political and economic developments in the country, which have a direct impact on our trade union and mass organizations; the financial difficulties of the FSLN, etc.) were competing with it.

These were the reasons why we decided to ask for the Sandinist Assembly's support in changing the date to July, that is, the date the National Directorate had originally proposed. I have given these details to demonstrate that it has not been our intention to cut off the internal discussion in the party. Some of my comrades on the Directorate do not agree with the styles of discussion, but none of us disagrees with the revolutionary discussion, which is so necessary and invigorating for our development.

Discussion Should Deepen

In my opinion, the discussion should be oriented toward the central aspects of the congress. We need rich and novel approaches, not primitive ones with Pierre Cardin gowns of silk and lace. We need real contributions that will lead the way to the new formulas that the Revolution demands. This work is not the exclusive duty or task of the National Directorate and an inorganic group of "our associates."

Without evading the responsibility that the National Directorate has in the entire revolutionary process, especially with regard to errors or blameworthy acts—seen immediately or after the fact—it is necessary to focus the party's collective effort on the process of devising a strategy for attaining power and meeting the new tactical demands of the struggle.

In my opinion, our membership has been slow in adapting politically to the current situation with regard to their experiences in the clandestine struggle to take power and in the exercise of power. The necessary discussion of the issues of the congress (program, bylaws, and central report) should shed light on the reeducation of our membership. It is well known that our members include historic combatants and collaborators, affiliated forces—an unorthodox organizational concept—as well as more organic forces, so to speak.

The discussions of programming, the strategy in the struggle to attain power, tactics, the militant's way of life, the education of the party militant, the values of this education, and the difference between that and the general education of society—these are topics that should be addressed with a wealth of arguments and solid criteria. We cannot arrive at the congress and then leave with accusatory ideas whose ontology places us somewhere between pragmatists and idealists, just as it would be inadequate to have partisans organized somewhere between pink and ... red.

The discussion of the themes of the congress should draw new strength in 1991, the "Year of the 1st Congress?" for us Sandinists. This discussion should involve those sectors of the FSLN who do not feel they are being represented, who consider that the comrades who write in our media are the privileged ones in the party, because they are able to express their ideas.

We party comrades should help with direct interviews of comrades who are not in the intellectual circles of the party, so that they can express their ideas and in this way elevate opinions to the level of a democratic and revolutionary discussion—that is, public, constructive, and beneficial discussions. Discussion for its own sake has no academic or practical value at this time.

No Taboos

Am I saying that there should be taboos in the development of the party's themes? No, absolutely not. The themes of the party authorities should be addressed with a view to finding solutions. For example, the succession of a revolutionary leadership that has played a correct and appropriate role, that has represented development for the party, is a matter that should be resolved responsibly, precisely because we want to preserve the party's history, character, and the essence of struggle.

The succession of a revolutionary leadership is not a matter of sympathy or antipathy, but rather of political appropriateness and suitability. I do not have the slightest doubt that it is necessary to establish rules, standards, internal laws in the party for the exercise of delegated authority. By the same token, there should be clear norms to determine what property belongs to the party and what obligation its custodians have to care for it.

If the party does not have its own finances, it runs the risk of succumbing to the disastrous experience of the past.

Our affiliation with the Socialist International should be thoroughly discussed, not just from the standpoint of ideological assessments and reports, but also in terms of the political needs of the FSLN.

Our media—and I am also referring to those that have influence and resources among Sandinists, even if they do not exactly belong to the party—should make sure the sectors of the party do not play with loaded dice in this discussion, as it would give our comrades with little access and less intellectual training the impression that the results were imposed on them.

Only a rich, lofty, political, and intelligent discussion will be able in all cases to lend political and ideological strength to this new FSLN, which for some time now has been at the threshold of a new era ... with new hope in its banners.

*Reasons for FSLN Crisis Explained

91CA0056A Managua BARRICADA in Spanish 5 Jan 91 p 3

[Commentary by Darwin Juarez]

[Text] It is said—and even the adversaries repeat it with conviction—that the Sandinist National Liberation Front (FSLN) is the strongest and most cohesive party in Nicaragua. Moreover, a few months ago, all Sandinists were shouting in unison, "National Directorate, give us our orders!"; now dissonant voices can be heard demanding, "National Directorate, listen to us!"

Today, while some Sandinists are criticizing others for being "pragmatists," from the other side they are being called "principle-ists"; some are stigmatized as "theoreticians," others as "wet blankets" [apagafuegos]. All of a sudden Rafael Solis comes along promoting the reconciliation of classes, and Edgardo Garcia pulls from his hat class intimacies never seen before.

Is this the strong and cohesive party of the Sandinists? Is this the party that aspires to govern the country once again in 1996? What will the rank and file think of this behavior?

We cannot overlook the fact that there are Sandinists of all creeds and schools of thought, and from every social rank and class in the Sandinist Front. There are Sandinist Sandinists, there are Marxist-Leninist Sandinists, there are workers and businessmen, intellectuals and illiterates, believers and non-believers.

The Sandinist Front has among its ranks the wherewithal to unhinge anyone from the most orthodox communist to the most liberal of the liberals or the most conservative of the conservatives; or to frighten the most incredulous of the atheists and the most devout of the believers.

How can we talk of cohesion and strength in such a multicolored, multifaceted party?

The Sandinist Front is undergoing a crisis today. As sociologists would say, it is an "identity crisis." To be a Sandinist today is no longer to be active in the underground or to engage in the conspiratorial activities of the pre-revolutionary era. Nor is it to participate in the reserve battalions, in revolutionary vigilance, or in the coffee harvest. The days of the street-corner harangues are also over. The "mobs" have matured. They appropriated a political culture that has made obsolete the methods, approaches, procedures, and motivations of the past. The war and the economic blockade imposed by the United States on Nicaragua are also over. The Sandinist Front defeated the aggression, paradoxically was ousted from the government, and today is in the opposition. That is the new reality.

Another Step Backward

That is why it is necessary to recognize the crisis. Not exactly to take a step forward, but to take another one backward. We must take the further step that is necessary for the new impetus. And we are not referring to a self-critical confession or a search for scapegoats or finding fault with others.

Nicaraguan society is experiencing profound changes, ranging from the strengthening of the market economy to the development of a new psychology and a new social conscience, in times of peace.

The Sandinist Front is not immune to these changes. That is why the FSLN is also going through a metamorphosis. As a one-of-a-kind specimen (there is no other party or historic precedent with the characteristics of the FSLN inside or outside the country), there is no telling what it will turn out to be in the end. If we look at its historical behavior, we could easily predict a renewed and modernized Sandinist Front, without disquisitions about verticalists, anarchists, opportunists, dogmatists, and "principle-ists."

It is possible—and why not desirable?—for the "new Sandinist party" to become more like a Noah's Ark, open to everyone, than an assembly-line factory. In fact, it would be healthy for categories such as "militant," "aspirant," "affiliate," "cadre," "organic," "non-organic," and other hierarchical terms used to identify the revolutionary rank and file, to disappear from the vocabulary, because they have no other connotation.

The importance of the crisis and metamorphosis that the FSLN is currently experiencing lies precisely in the fact that the cohesiveness and strength of Sandinism in the future will depend on the decisions that are made today, primarily on the basis of grassroots participation, and on the National Directorate's demonstrated ability to lead this process.

For this reason it is imperative that new rules of play be defined for and by the Sandinists. The updating of the FSLN's historical program could easily be the point of departure; only in this way will everyone know what is at stake. Moreover, some parameters should be established regarding the new battle standards and how they are to be raised.

Basic Definitions

There are some key points that are of concern to Sandinists: How are we going to exercise our anti-imperialism while coexisting with the imperialists? If we are going to operate with a market economy, how will we preserve the democracy, not only in political and legal terms, but also with respect to social justice? Are we going to emphasize ideological unity in the broadest sense, or are we going to stress cohesion on political-ideological bases? And more organically, we must define who will be Sandinists and who will not, and the prerequisites for that distinction.

Only those who are at the sunset of their political life succumb in times of crisis; as Goethe would say, they are dead flowers on the evergreen tree of life. This description fits the numerous minority parties, the Lilliputians who beat Gulliver in the electoral battle in the political arena, and who matured and grew too old in the heat of the interventionist policy of the United States.

It is axiomatic that in the search for renewal one goes through a period full of differences, friction, and contradictions. In the end, as Lenin said, when the new being is born, it will inevitably come into the world accompanied by strange and dead matter. This has been a constant in every phase of development of the Sandinist movement. Bocay, Pancasan, factionalism....After every crisis in the FSLN, it has emerged victorious, shaking off foreign bodies. This stage will not be the exception.

* Commentary Explains FNT Role, Goals

91CA0056B Managua BARRICADA in Spanish 3 Jan 91 p 3

[Article by Adrian Meza Soza]

[Text] The conclusion of 1990 coincided with the initial months of the National Workers Front (FNT), an organization which represents trade union sectors that are of singular and decisive importance to the country.

These months of struggle have taught important lessons to the labor movement headed by this structure. As a result, it is now in a better position to face the challenges ahead without over-confidence, but with an awareness of its strength.

Political Independence

No trade union movement or current is born or develops outside the sphere of influence of political sectors, forces, or parties with which it has common historic interests in the medium and long terms, often including, common roots as well.

The FNT and Sandinism as a concrete political phenomenon in Nicaragua are no exception to this rule, which other trade union groups frequently try to deny, claiming "purity" and "independence." At the other end of the spectrum, however, is the argument that trade unions are mere "transmission belts" of a political force that is supposed to lead the social struggle on all fronts with executive and plenipotentiary powers.

Forced by social circumstances, the FNT has had to forge a true political independence these last few months. The perspectives of the FSLN [Sandinist National Liberation Front] as an opposition party with specific political interests and those of the trade union movement, with a whole gamut of socioeconomic demands that have not always been the first items on the agenda of the new administration and the new opposition, have not always coincided in time and place, for reasons of their own.

The FSLN was still recovering from its election defeat—it was embroiled in the urgent task of assuring its own political survival—when the movement headed by the FNT was already facing the historic need to lead the first national strike.

The May strike against the new government was aimed at curbing at all costs the aggressive trend toward dismantling the Revolution and its social achievements. Flushed with victory, the governing elite tried to turn the strike into a quick success during its first weeks in office.

That, undoubtedly, was an initial and effective expression of political independence in which the unions of the FNT and the grassroots leaders did not wait for "guidelines" or "party orientation" to go out and defend themselves in the struggle. At any rate, the FSLN as an organic structure did not have the ability to play any leading roles.

The second national strike, in July, was caused by the government's failure to comply with the accords of 16 May and the premeditated economic strangulation of major areas of the People's Ownership Sector (APP)—textiles and construction—as well as the attempt to make drastic changes in Agrarian Reform. The FSLN did indeed play an important role as mediator in that strike.

But once again it was the labor movement and its internal logic that tipped the scales decisively in this second chapter.

In response to the National Dialogue that was launched by protocol on 19 September without the participation of the FNT, the trade union movement, in a renewed exercise of independence, firmly advanced its points of view. It proved to the organic Sandinist movement that it is impossible to negotiate with the government without first preparing and minimally carrying out the basic conditions. Finally, those conditions were granted in early October. Then began the real National Dialogue, with the principal protagonists in the social struggle.

From this standpoint it cannot be denied, however, that the FSLN played a role in finding reasonable solutions at the most difficult moments of the confrontation, thanks to a clear political recognition of its principal leaders by the union rank and file as well as the government itself.

This is different from thinking that the unions have merely continued revolving around the center of party leadership, without their own logic or a dynamic of political independence imposed by the speed of social developments in the last few months.

Battle Standards in 1990

On 25 April a new political scenario began in Nicaragua, in which the trade union movement led by the FNT has had to play a key role.

The new government's economic program was soon revealed to be the expression of a neoliberal model

whose implementation made a social confrontation inevitable: unions versus government apparatus.

The "structural adjustments" program, which has been issued by the International Monetary Fund so many times in other Third World countries, necessarily entailed a clash with the social forces representing the sectors hardest hit by the nature and essence of the measures and prescriptions which they tried to apply so rapidly.

The cuts in social spending on the basis of unemployment, the sacrifice of social benefit programs, the elimination of subsidies in areas that are highly sensitive for the working people, the quest for "cost-effectiveness" and "efficiency" at the highest social cost of recent years, could have no other response than that of a frontal opposition by the trade union movement. Without hesitating for a moment, it took on the defense of the social achievements inherited from the revolutionary program.

The discourse of the "defense of the Revolution under the new conditions" rapidly translated into battle standards that were able to mobilize huge sectors of the workforce, including some that were not part of the Sandinist political current and that participated actively in the struggle.

The FNT, with a few missteps attributable to its inexperience, managed to interpret them correctly. Its demands mobilized thousands of men in the countryside and the city, and this ensured the success of the two national strikes.

Job security, respect for revolutionary changes in the farm sector, the rejection of political vengeance in the public sector, respect for the accomplishments of collective bargaining, the struggle to make sure the costs of reducing inflation were not paid by workers alone, the defense of the APP against the robbers' feast that the Somocists were about to orchestrate—these were some of the objectives which the FNT correctly placed on its agenda for these months of struggle.

To be sure, the accords signed in May, July, and then in the National Dialogue of October, regardless of the declarations of good faith or even any real willingness that may have existed on the part of some government sectors, have not been fulfilled.

In this regard, the government's inconsistency and the continual concessions to the most recalcitrant sectors of the National Opposition Union (UNO)—headed by the Godoyists and their underlings—who were placed in the leadership structure of some ministries and government agencies, have worked against the effectiveness of the agreements, as well as the very stability of the country. Nevertheless, the National Dialogue Accords in and of themselves express the government's practical acceptance that it is impossible to apply in Nicaragua an "adjustments program" following the IMF recipe without setting off a social explosion.

The counterrevolutionary program had to slow down and curb its development, although it still has the same ultimate objective. After all, or above all, if you will, we did not go through ten years of Revolution and struggle in vain. For this reason, the defense of these accords, from the standpoint of demanding their enforcement, would appear to be an important task for the coming months.

Reportage on Chamorro Visit to Germany

WA1902181891

For reportage on the visit by President Violeta Chamorro to Germany, including reports on her talks with Chancellor Helmut Kohl, Finance Minister Waigel, and representatives of German industry, see the Germany section of the 19 February West Europe DAILY REPORT and subsequent issues.

Panama

Endara Comments on 'Isolation' by Rio Group

PA2002005391 Panama City EL SIGLO in Spanish 16 Feb 91 p 31

[Article by Andres Davila]

[Text] "If isolation is the price we have to pay for our dignity, we will pay it," President Guillermo Endara Galimany said, referring to the alleged isolation by the countries of the Group of Rio if Panama does not agree to their requests for granting safe-conducts for the persons in asylum in various embassies, disregarding the Caracas and Vienna Conventions that are very respected by these countries.

The president of the Republic was very optimistic when he said, referring to the isolation by the Group of Rio: "I do not believe we have gone that far." However, he said that the Panamanian situation concerning the problem of the persons in asylum remains unchanged.

The Foreign Ministry said, however, that the Rio Group is considering the situation, and that together with the national government they are seeking a better solution to the problem. The Foreign Ministry emphasized that the situation remains unchanged.

A spokesman for the Peruvian Embassy said that in the specific case of Heraclides Sucre and Gonzalo "Chalo" Gonazalez—who following the U.S. invasion sought refuge in this embassy—their situation is stable, they are in good health and in constant communications with their closest relatives, and they have access to the various media as well as the telephone.

The Peruvian Embassy spokesman was very positive about the future of the former military officers, inasmuch as the Peruvian Foreign Ministry is trying to attain their safe-conducts, which will become their passports for freedom.

Meanwhile, the spokesman also mentioned the statements made by Legislator Carlos Arellano Lennox, former president of the Legislative Assembly, who stressed that the past must be forgotten and that "if we continue holding grudges," nothing will be solved.

Deputy Minister on Legal Assistance Treaty Talks

PA1902155591 Panama City Circuito RPC Television in Spanish 1730 GMT 16 Feb 91

[Text] Deputy Foreign Minister Jose Raul Mulino has referred to the progress made with the United States regarding the Mutual Legal Assistance Treaty [MLAT].

[Begin recording] [Mulino] Approximately three weeks ago, the Panamanian Foreign Ministry delivered to the U.S. Embassy a Panamanian counterproposal concerning the MLAT. We have not yet received any official response from the U.S. Government, directly or through its embassy in Panama, regarding a possible date to resume the negotiations. We hope they will resume soon because we would like to settle this matter and we would like to sign a treaty as soon as possible, as long as our national interests are protected.

[Reporter] If these negotiations with the U.S. Government resume, what will the Panamanian Government's definitive proposal be in the face of this situation?

[Mulino] I have repeatedly said that these are secret topics. However, one thing the Panamanian people and the financial sector—as well as the groups linked to our financial sector—can be sure of is that the Foregin Ministry and the National Council of Foreign Relations have studied in detail the counterproposal for the treaty. The opinions expressed by the various sectors during consultations have always been taken into account. We are keeping the defense of our national interests in mind. [end recording]

Importance Detailed

PA1902170591 Panama City EL PANAMA AMERICA in Spanish 17 Feb 91 p 4-A

[Editorial: "Our Relations With the United States"]

[Text] Of course, we do not intend to recount the history of the ties between our two countries since the isthmus obtained its independence from Spain and linked its destiny to that of the greater Colombia of Bolivar and Santander. To do so would be an endless account. Nor do we intend to refer to the ups and downs in these relations during the generation of the narcotyranny. There would be so much to tell, unheard-of situations to narrate at length, that rather than a modest editorial it would be necessary to write several volumes.

At this moment it is necessary to stress something that will not take up so much time or space: the recent deterioration in our relations with the U.S. Government. It is very possible that U.S. diplomats, precisely because they are that, deny the existence of this state of affairs. We would not be surprised either if some Panamanian official, coming out of the world of *Alice in Wonderland,* stated dogmatically that such a situation does not exist. All isthmians, however, who show concern for these things know with certainty that things are not well.

This is very serious. Ties with the United States, based on friendship, mutual respect, common interests and shared ideals are fundamental for Panama. In this newspaper we have a healthy nationalism, which was bequeathed to us by doctors Harmodio Arias Madrid and Gilberto Arias Guardia. Both were fully conscious, however, of the imperative necessity of maintaining satisfactory relations with that country.

Right now there is an obstacle preventing the normal development of relations between the two countries, and that must be eliminated as soon as possible. We have embarked on endless negotiations regarding a possible Mutual Legal Assistance Treaty [MLAT]. Certain Panamanian circles claim that the future of our banking center is at stake. In the United States there are many who believe that the Panamanian Government seeks to protect shameful interests, specifically linked with money laundering and drug trafficking. Both sectors are wrong.

Regarding the first, countries which have top-notch banking centers, as is the case in The Bahamas and Grand Cayman, have signed mutual legal assistance agreements with the United States which have benefited both contracting parties. They have not been obstacles preventing the development of these banking sectors in a satisfactory manner.

To our U.S. critics, we respond that we had, under Mr. Noriega, the first narcotryanny of history. For us, therefore, it is a matter of survival as a democratic country to pursue the drug barons and those who engage in money laundering.

There is no excuse why our two countries cannot quickly agree on a mutual legal assistance agreement that combines the interests of Panama and the United States. We agree that the Panamanian negotiators should make a proposal to their U.S. colleagues based on the treaty that currently exists between the United States and The Bahamas. Our objective is that it be made irrefutably clear that Panama will never again protect drug trafficking or money laundering activities. Perhaps the only point we would have to modify in The Bahamas model, in order to protect our feeble treasury, would be to have the cost of the investigations requested by our neighbors of the north be at their expense instead of ours.

A Panamanian proposal of this kind will permit us to quickly resolve in a satisfactory manner a problem that does us considerable harm in the eyes of the U.S. Government, Congress, and public opinion. At the same time, the interests of our nation would be adequately safeguarded.

Ford Remarks on Justice Accord With U.S.

PA1902234391 Panama City Circuito RPC Television in Spanish 1730 GMT 19 Feb 91

[Text] Panama and the United States have signed an agreement for 15.9 million balboas to improve the administration of justice.

The magistrates of the Directorate for the Recovery of State Property, Attorney General Rogelio Cruz, Banco Nacional Manager Luis H. Moreno, Comptroller Ruben Dario Carles, U.S. Ambassador Deane Hinton, and Planning and Economic Policy Minister Guillermo Ford were present at the latest revision of the agreement, which will be in force for three to five years. This is what the planning minister said:

[Begin Ford recording, in progress] ...An agreement that was included in the package of assistance from the United States to the Republic of Panama, whereby there will be a substantial U.S. contribution to our country along with a contribution by our own country, to improve the administration of justice in Panama.

The total investment of approximately $15.9 million will be given by AID. The Republic of Panama will contribute $3.9 million in manpower, [word indistinct], and technical assistance. In this manner we seek to completely modernize the judicial system in our country by refining, reactivating, and improving the system. [end recording]

Legislator Calls For Reconsidering Canal Treaties

PA1902154791 Panama City EL DIARIO INDEPENDIENTE in Spanish 14 Feb 91 p 22

[Text] A very serious problem has troubled me after my tour of the military facilities with the president, said Legislator Leo Gonzalez, president of the Legislative Canal Affairs Commission. "It would be a crime against the fatherland to let the Americans leave Panama if we do not have any alternative," he added.

When Carlos Roseman of RPC Radio asked him if he thought it would be necessary to renegotiate the Torrijos-Carter Treaties, Gonzalez replied: "I think the Panamanian people should be asked whether or not they want the Americans to leave, **and we hope we are not called Gringo lovers for this.**"

Molirena [National Liberal Republican Movement] Legislator Gonzalez said that receiving and maintaining the facilities that will revert to Panama "calls for a greater responsibility than using a nationalistic rhetorical phrase such as give us back the canal and we will see what we do with it."

As an example, he noted the case of the railroad, docks and ports. "Those are huge problems that are not making Panama look good before the world due to the lack of planning—by the previous and current governments—for this transition."

Gonzalez also said in his statement for RPC Radio that "there are various options, like having a multinational company manage the canal." He said that following the 1978 plebiscite, there were rumors of fraud. "It was said that the Panamanian people did not really want the treaties." He added: **We cannot adopt an intransigent position now by asking the Americans to leave our country,** because then what will we do?

He stressed that "we must be realistic as well as nationalistic; it is not just a matter of asking them to leave, as occurred with The School of the Americas in Colon, which was closed and all the people who worked there lost their jobs."

He repeated what Molirena Legislator Jaime Fernandez had said earlier: Are we going to eat flag or reverted land?

Endara Rejects Renegotiation

PA2002021491 Panama City Circuito RPC Television in Spanish 2300 GMT 19 Feb 91

[Text] President Guillermo Endara will not request or propose the renegotiation of the Panama Canal's Torrijos-Carter Treaties it has been stated in a communique from the Presidency. President Endara was referring to statements by Legislator Leo Gonzalez, chairman of the Legislative Assembly's Canal Affairs Commission, who said that the Pamamanians are not prepared to handle the canal when it reverts to them at the end of this century.

The presidential communique reasserts what President Endara said in San Andres, Colombia, where he categorically said that he would adamantly reject renegotiations during his administration—which will end on 31 August 1994—even if the United States proposes new negotiations. It adds that President Endara respects the opinion of those who wish to sponsor the treaty's renegotiation, but he does not share it.

Endara Said Unaware

PA2002012691 Panama City EL SIGLO in Spanish 18 Feb 91 p 4

[Editorial: "The Harebrained Resident of the Palace"]

[Text] Since his return from beautiful San Andres Island, the transitory resident of the Presidential Palace has made statements to the local and foreign press that clearly show he is all mixed up.

Hiding his usual smile, he frowned, adopted a statuesque pose, and, trying to imitate Arnulfo Arias' voice, said "to the four winds" that "no one has told me anything about renegotiating the treaties bewtween Panama and the United States. I solemnly swear that I will not accept any change in those treaties."

On hearing these declarations there were two opposite reactions. One was of amazement by those of us who had

seen yesterday's opposition candidate, now president, oppose those treaties fiercely, claiming they were harmful to national interests. This same gentleman now confuses observers by declaring himself a staunch defender of the treaties, whose name he has even changed, calling them the 1977 treaties.

The other reaction was of extreme disbelief, because it is very difficult to believe that he is so misinformed, despite his high executive post, so as not to know by now that the United States' determination to renegotiate the treaty is a law. The President of the United States is duty bound by this law to report to Congress on the progress of the renegotiation.

Newsmen were even more amazed to realize that, while the resident of the palace claims not to know what the whole world knows, and his foreign minister denies what is clearly visible, the Southern Command is installing a sophisticated military computer and defense system in the very heart of Panama.

This situation poses the following alternative: Either he who claims he knows nothing is really in the dark about this disturbing reality in the country he claims to rule, and in this case he should exert his rights as a citizen and president and demand to be told the truth; or, he is aware of what is going on, and in this case he is once again deceiving the people. He is allowing actions against our sovereignty, which will lead our people to the inevitable conclusion that our identity as a free nation has disappeared, and that the sad truth has been known for a long time by him who so badly rules our nation.

Columnist, Member Criticizes Arnulfist Party

PA2002010791 Panama City LA PRENSA in Spanish 14 Feb 91 p 30A

[Article by Eugenio L. Morice: "Arnulfism Crumbles and Disintegrates"]

[Text] The incident between Guillermo Endara and Hernan Garcia and the brusque exchange between Endara and the district board of San Miguelito were the straws that broke the camel's back and speeded up the disintegration of the party of which yours truly was a unselfish follower for more than 26 years. This disintegration is good news for the PDC [Christian Democratic Party], Molirena [Nationalist Liberal Republican Movement], PRD [Democratic Revolutionary Party], and the still unknown but predicted Third Force.

Although Arnulfism was never properly organized, it nevertheless possessed an unequalled ability to rally its forces. During the experience of the open town councils in 1984, all we had to do to have the local plaza full of Arnulfo Arias' followers was to arrive at a place deep inside the countryside and ask for an Arnulfista. Let us not mention the gigantic two-day registration of the party's followers in 1990. This characteristic has ceased to exist, however, thanks to the untouched dictatorial inheritance and the government's actions.

What events have contributed to this frustration of the Arnulfist rank and file? They are many and in plain sight. I visited the presidential building in May. Much to my surprise, I saw several security guards who during the dictatorship had enjoyed highly paid positions. One of the guards had been there because he was the cousin of someone in a key position at the building. Several officials have already started to make profitable concessions to their relatives in these institutions, even if the relationship is as close as brothers and nephews. The president of the Republic, a fellow party member, appoints officials without caring a hoot about the many jobless in the country. Many of these officials, who come from well-to-do families, are appointed, although there are many well-trained Panamanians who live in dire poverty. Other officials, following the example, have transferred their partners and even the personnel of their businesses to the offices they are in charge of. Can we Panamanians believe in the sincerity of the president's fast and the commiseration he showed at the Cathedral when we see the way he acts? It is a pity the current Constitution has deprived the people of the authority, which we should never relinquish, to revoke his mandate, as the European democracies happily stipulate!

My daily activities prevent me from getting acquainted with dozens of examples. I know, however, that some officials who were appointed by the dictatorship are now holding up to two positions in the government. This irregularity not only is overlooked by the Comptroller General's Office, which is full of people from the military process, but the few Arnulfist officials at the head of institutions have become accomplices thereof.

The government complains that the majority of the media oppose it, thus belittling the government's efforts. The government, however, does not stop to consider the reason for this situation. The media gradually identify themselves with the majority, who are frustrated and dissatisfied with the president's frequent mistakes. The president wrongly contends that only a very small number of Arnulfists are dissatisfied with his term. If this is so, why does he not go to the race track one afternoon to deliver an award? He interprets the applause to his planned visits to cut inauguration ribbons as a sign of support and popularity. This is exactly what Noriega thought. I hope Endara will not hold the same grudges as the tyrant. Otherwise, I would be sentenced to the reprisals accorded the bootlickers!

I declare myself in reserve. By this, I mean that I will not resign my party membership for the time being, although I will not involve myself in its activities. I will go out to the political arena only if the exaggerated and suspiciously postponed convention is held. This event can be a remote possibility of saving our party from complete disintegration, provided it is held under democratic conditions and guidelines. Finally, I am proud of my people because they are already showing that they stopped being fools.

Medellin Cartel 'Special Command' Reportedly Here

PA1902204791 Panama City EL SIGLO DOMINICAL in Spanish 17 Feb 91 p 10

[Report by Rafael Rodriguez]

[Text] A source close to the PTJ [Judicial Technical Police] has told this reporter that a special command has arrived in Panama to recover a missing cocaine shipment worth $25 million. This shipment was stolen from Rigoberto Hurtado and Julio Montano, Colombians who were executed on 4 February at the Llano Bonito Beach at Juan Diaz Corregimiento.

The source, who for security reasons wishes to remain anonymous, said that the special command is made-up of seven Colombians who belong to the "Medellin Cartel." The command arrived in Panama several days ago after two of their gangsters lost a large cocaine shipment when they were executed by Gabriel Rengifo Robelo, a Colombian; and Alcibiades Vargas, a PTJ member.

The informer said that the seven Colombians are doing everything possible to recover the 160 kg of missing cocaine. The Colombians have begun persecuting all the people who could in one way or another be implicated in the case. Proof of this was the attack on the night of 15 February on the house of Alcibiades Vargas' parents located at Puente del Rey, Parque Lefevre Corregimineto. The drug traffickers opened fire against the house. Even though no one was injured, this was a warning to the detained PTJ inspector.

Even though the PTJ has arrested Colombian Gabriel Rengifo, Agent Mario Garcia, and PTJ Inspector Alcibiades Vargas as the alleged killers of the Colombians, the PTJ has been unable to locate the expensive shipment. This makes one suppose that other people, whom the PTJ has not arrested, are involved in this case.

There are also strong indications that Omar Almengor, police magistrate for Parque Lefevre Corregimiento, and his bodyguard have allegedly been arrested by the PTJ for their alleged involvement in the case. This official was arrested several days ago on the Panama-Costa Rica border.

Once they heard about these stories, EL SIGLO reporters went to the Parque Lefevre Corregimiento to try to ascertain validity. Residents and police sources there said that "there are many reports that the Parque Lefevre Corregimiento police magistrate is at Naos [Flamenco] Island under arrest, but this has not been made public because the official belongs to the Democratic Alliance party."

EL SIGLO also interviewed PTJ Director Leslie Loaiza over the telephone regarding the alleged involvement of Police Magistrate Omar Almengor. However, the controversial inspector denied this report, saying that it is "not true that Almengor is under arrest at Naos Island."

During the short interview Leslie Loaiza said that "bodyguard Martin Puello was not under arrest either." Loaiza added that he had read the PTJ's daily report and there was no record of an attack on the home of Inspector Alcibiades Vargas at Villa del Rey, Panama Viejo.

Bolivia

Government Adopts Measures To Curb Inflation

PY1902011091 La Paz PRESENCIA in Spanish 10 Feb 91 p 1

[Text] The government expects to end this year with an inflation rate lower than 15 percent and has adopted "anti-inflationary" measures that, in the opinion of economic officials, should bring the February inflation rate back down to normal levels.

Official sources from the economic area reported that a few days ago the government decided to raise the interest rate on CD's (certificates of deposit) issued by the Central Bank. The objective is to offer an option to reduce the dollars in circulation.

On the other hand, the Central Bank, in conjunction with the Treasury, has decided to curb the issue of money so that the means of payment can be brought under control.

Those two measures were adopted in view of the January inflation rate following the increase in fuel prices. According to the INE [National Statistics Institute], the January inflation rate was 5.8 percent. The planning minister said the January inflation rate was actually 4.3 percent because the rate reported by INE included some carryover from December 1990.

In the opinion of consultant Herbert Muller, an improvement can be expected because the fuel price increase was compounded by inflationary expectations caused by the political climate of uncertainty, which has by now been dissipated through agreements.

In January the government was confronted with a strike called by the COB [Bolivian Labor Confederation] and a lack of understanding of electoral reform.

In turn, Samuel Doria Medina, a presidential economic adviser, said that if the national budget is not exceeded and the salary increases do not get out of hand, this year's accumulated inflation rate will not exceed 15 percent.

Intervention at Financing Companies Cause Panic

PY1802134691 Madrid EFE in Spanish 0113 GMT 18 Feb 91

[Text] La Paz, 17 Feb (EFE)—It was reported today that thousands of Cochabamba savings account holders panicked following the confirmation of alleged links between financing companies and drug traffickers. These companies paid up to 60 percent a year in interest on dollar deposits.

This week the government intervened in the Arevalo General Services Company [Firma Integral y de Servicios Arevalo] (Finsa), a financing company in Cochabamba, 403 km east of La Paz, to thoroughly investigate its operations. The company belongs to brothers Nelson, Carlos, and Eddy Arevalo (?Perez).

The intervention caused a "stampede" among some 10,000 savings account holders who tried to withdraw their deposits in the company. The company's employees, however, refused to give them their savings, using the excuse that the company's bank accounts had been frozen by the government.

On 7 February police found traces of cocaine in two planes belonging to the "Flash Tours" company, which belongs to Finsa. A court order was then issued against the Arevalo brothers and the source of their fortune was discovered.

Hector Rodriguez, a supervisor [fiscal] at the Social Defense Undersecretariat, reported that the first conclusion in the Antinarcotics Force investigation is that Finsa is probably linked to the "laundering" of money generated by drug trafficking. The company began its activities more than six years ago, when it was authorized to do so by the Banking Superintendency. According to the results of the initial investigation, Finsa was registered in January 1989 with $100,000 in capital, an amount which had already grown to $9 million by the beginning of 1991.

The company's operations included imports, loans, trade, and savings accounts. The company owns various media outlets and has invested in Bolivian League soccer teams and several other sectors.

The company's main activity, however, was to take in small deposits in dollars, which paid interest rates of 5 to 7 percent per month, in advance. This rate is much higher than the 14 percent per year that Bolivian banks usually pay.

Finsa began operating in Cochabamba but soon extended its operations to Oruro. The company also maintained a small office in La Paz to receive dollar deposits.

Banking official Jaime Escobar told the local media: "Until a new banking law is approved, the activities of real estate and financing companies that illegally receive deposits from the people cannot be regulated."

The Finsa case may soon be linked to other Cochabamba financing companies which paid similar interest rates for dollar deposits, the origin of which may also be questionable. The multiple services companies Vial, Orcobol, and Invac [expansions unknown]—which paid interest rates similar to those paid by the Arevalo brothers' company and which received monthly deposits totaling more than $100,000—are also being investigated.

Bank Superintendent Jaime Zagal has said that this is not the first time that thousands of people have lost money they deposited in Bolivian finance companies. Some years ago owners of other illegal companies fled the country with hundreds of thousands of dollars. So far, there is still no law to regulate these companies.

Brazil

Collor Comments on Leadership, Economic Program

PY1902125091 Brasilia Domestic Servce in Portuguese 2200 GMT 18 Feb 91

[Passages within quotation marks are recorded]

[Text] In his opening speech this morning at the first cabinet meeting of the year, President Fernando Collor de Mello said 1991 will be the decisive year for the consolidation of the government project that was democratically endorsed by millions of Brazilians who believe in viable changes in the country.

The president noted that political dialogue will be expanded in the permanent quest for understanding and that relations with Congress must be improved.

[Collor] "In an institutionalized democracy, the president of the Republic must serve as an arbiter and he must also assume his constitutional role of leadership. However, he cannot ever be an isolated protagonist. The political class must be organized to share the responsibility of changing Brazil with the executive branch.

Under a presidential system, it is not possible for the government to act effectively without a solid party organization. The establishment of a parliamentary system is not feasible either."

President Collor said the executive branch proposals submitted to the legislative branch are not aimed at hindering congressional actions.

[Collor] "Rather, they respond to the people's call for urgent and unpostponable changes. They seek to guarantee the ability to govern and the preservation of the institutional balance. This was the clear message of the 1958 Constitution, which prompted the establishment of the provisional measure. The use of these measures is based on strict, legitimate judgments."

President Collor noted that there has always been open dialogue with representative sectors of society and that reactions to the national reconstruction process have been positive. The president said that some sectors have unacceptably defended biased and short-term interests despite the fact that, due to their social or economic positions, these sectors should defend long-term prospects.

[Collor] "In the economic sector, they take advantage of the distortions in some oligopolistic segments of the market to try to maintain some absurd advantages. They still think that the ephemeral image of popularity is achieved with easy and artificial solutions to social problems. They are avoiding the responsibility of strengthening national understanding, of consolidating institutions. They are avoiding the cooperation that is an absolute necessity at this moment."

President Collor also said that the productive sectors must accept a price truce. In the short-term this will mean sacrifices, but in the medium- and long-term this will yield collective benefits. For President Collor, the economic adjustment measures will guarantee that a market economy will prevail in Brazil in the future. He also referred to the foreign debt, saying that negotiations will be conducted in accordance with national interests.

[Collor] "The Brazilian foreign debt cannot be seen as a mere banking problem. It involves the future of one of the major, important economies in the world. Brazil's creditors must accept the fact that economic growth is an imperative for Brazil. I believe they will accept it and that an agreement acceptable to the two parties will be achieved soon. Brazil's stance in the negotiations is permanent."

Regarding the Persian Gulf war, the president said the Brazilian Government's diplomatic position is well known and is reflected in the country's firm and immediate support for the UN resolutions.

Collor Briefed on Privatization

PY1902013491 Brasilia Domestic Service in Portuguese 2100 GMT 18 Feb 91

[Text] President Fernando Collor presided over the first cabinet meeting of the year today at Planalto Palace. Present at the meeting to assess the past 11 months of government were ministers, secretaries, and the government leader in the Chamber of Deputies. The meeting lasted two hours and 45 minutes. After a 35-minute speech, President Collor also heard reports by his advisers on activities in their respective sectors.

In a second sectorial meeting that began at 1115, the president, along with ministers and secretaries, analyzed the performance of state companies and the privatization program. Also present at this meeting were the presidents of Petrobras [Brazilian Petroleum Corporation], Telebras [Brazilian Telecommunications, Inc.], and the Rio Dece Valley Company.

Eduardo Modiano, BNDES [National Bank for Economic and Social Development] president and Privatization Commission coordinator, has stated that four companies will be ready for privatization by the first half of March.

[Begin Modiano recording] We have 22 companies in the privatization program. These companies are ready for the privatization process, and we have already presented a list of them to contracting consultants.

At least four of them will be ready for privatization by the first half of March. They are: The Tubarao Iron and Steel Company, Usiminas [Minas Gerais Iron and Steel Mills, Inc.], Usimec [Minas Gerais Steel Mills Mechanic, Inc.—Usinas Siderurgicas de Minas Gerais Mecanica S.A.], and Mafersa [Railway Equipment, Inc.—Materiais Ferroviarios S.A.]. We have another timetable

for reports on other enterprises in the fertilizer and petrochemical sectors that will be analyzed in April and May. [end recording]

Modiano added that at the sectorial meeting, they stressed the need to accelerate voting on projects submitted to Congress; to regulate the concession of public services to meet national, private, and foreign interests; and to work in the areas of electricity production and telecommunications. He said the Constitution provides for the participation of foreign investors in auctions of state enterprises. He said what is needed now is to regulate funds for the acquisition of shares in state enterprises. There are four types of funds: withheld new cruzados, privatization certificates, public debt certificates, and foreign debt bonds. Modiano also proposed the sale of shares in the companies to be privatized in foreign stock markets. This matter will be discussed in another meeting.

President Departs for Chile

PY1902182891 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 19 Feb 91

[Text] President Fernando Collor has just boarded the plane that will take him to Punta Arenas, Chile, by late this afternoon. Early tomorrow morning the president will fly to Antarctica, where he will visit Brazil's Comandante Ferraz base. The president will also visit the oceanographic ship Varao do Teffe before returning to Brasilia.

Rezek Says Chemical Weapons Treaty Nearly Ready

PY1902181791 Sao Paulo FOLHA DE SAO PAULO in Portuguese 17 Feb 91 p 12

[From the Brasilia Office]

[Text] Foreign Minister Francisco Rezek has announced that Brazil and Argentina have almost finished drafting a treaty forbidding the production and use of chemical and biological weapons. He believes that Uruguay, Paraguay, and Chile will "probably" also sign the treaty. "There is no reason to wait for a treaty to be drafted abroad because we know very well what we want," he said.

In the foreign minister's opinion, the treaty will be finished in the next few months. The decision to write this treaty is a result of the talks held among the Latin American countries that "have never before enjoyed better relations," he said. The pacifist attitude of the Latin American countries makes the transfer of high technology from the developed countries easier. [as published]

Rezek Views Policy Issues

PY1902154091 Sao Paulo FOLHA DE SAO PAULO in Portuguese 17 Feb 91 p 12

[Text] Foreign Minister Francisco Rezek, 47, has told FOLHA that the Third World-minded foreign policy has been abandoned because "its rhetoric has proved to be ineffective." For Rezek, "the Collor plan on foreign policy is to convey the country's desire to sit at the table with the First World countries to work" for solutions that will aid development. The objective is "to participate in the center of international decisionmaking as soon as possible," Rezek added.

The Brazilian foreign minister said the view of international issues through the Third World lens, more loudly expressed by the Nonaligned Movement, "frequently inspired strong complaints that were heard by nobody." He rejects the characterization of the current foreign policy as "First World-oriented," alleging that such a characterization is even more inaccurate with the changes taking place today in Eastern Europe.

The minister mentioned some of the successes of his administration which, he said, is leading Brazil toward the desired objectives. One success is the clarity brought to the nuclear issue by the joint commitment made with Argentina to accept independent supervision and to adhere to international agreements. He stressed President Collor's stance against nuclear explosions, "even for peaceful purposes." The nuclear issue is critical for Brazil's access to advanced technology.

In the economic area, which is crucial to Brazil's access to First World decisionmaking, Rezek said the major responsibility falls on the Economy Ministry. Foreign debt negotiations with the creditor banks—which have still not been completed—fall under the jurisdiction of that ministry.

Minister Rezek affirmed that a foreign debt agreement is being delayed because of Brazil's desire to sign an agreement that is definitive and realistic, a desire that might not be shared by the creditors.

As for Brazil's stance on the Gulf war, Rezek said "Brazilian society broadly supports" the decisions made by Itamaraty, "which have not been criticized in official spheres at any time."

U.S. Ambassador to Brazil Richard Melton has said that "the constructive voices that will be heard after the war will not be the voices of those who are not involved in it now." Rezek noted that Itamaraty has direct communications with the State Department.

Minister Rezek said the United Nations' method of operations should be modified after the Gulf war. As one alternative, he mentioned the possibility of enlarging the Security Council by creating a category of permanent members without veto rights. The Security Council could keep the five permanent members with veto rights and the ten temporary members, and then add six permanent members without veto rights. These six new members could be Brazil, the FRG, Japan, India, and two African countries.

New Proposal Offered on Overdue Debt Payments

PY1802162491 Sao Paulo FOLHA DE SAO PAULO in Portuguese 16 Feb 91 p B 8

[Text] The Brazilian Government is making the following proposal to creditor banks: 1) the payment of 18.5 percent of overdue interest payments in cash, and 2) the conversion of the remaining 81.5 percent into long-term bonds. Expressed in figures, the 18.5 percent is equivalent to approximately $1.5 billion, and the 81.5 percent is equivalent to $6.8 billion, which would be converted into long-term bonds. The new twist is that Brazil will agree to pay $450 million (30 percent) of the $1.5 billion immediately, and the remaining $1.05 billion (70 percent) would be repaid when the rescheduling agreement on the overall debt is completed.

Discussions at this time revolve around what to do with the 81.5 percent ($6.8 billion) of overdue interest payments that the Brazilian Government would like to convert into bonds with maturity periods as long as possible. The banks would agree to swap this portion of the overdue interest for seven-year maturity bonds, while Brazil is sticking to a 15-year maturity period, as proposed at the opening of negotiations last year.

Negotiations are continuing in New York and are being conducted for Brazil by Dorio Dauster. For the creditor banks, Citibank—the largest private creditor—coordinates the Advisory Committee, a group of 22 banks representing more than 200 creditors. This round of meetings began on 11 February.

The Brazilian offer to immediately pay $450 million if the proposal is accepted came as a surprise to the creditor banks. One of the biggest obstacles in the negotiations so far has been Brazil's intention to link the payment of overdue interest to the banks' commitment to loan new money. That position, which was firmly held before, has apparently been abandoned.

Brazil's change of position came just as negotiations were on the verge of collapse.

Killers of Palmares Rural Union Leader Found

PY1902182991 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 19 Feb 91

[Text] The police of Pernambuco have charged the brothers Romildo and Ednardo Brandao with the killing of Jose Helio da Silva, adviser to the rural workers union of Palmares. The brothers are sugar cane dealers and owners of the Pouco and Pitoresco sugar mills in the municipalities of Palmares and Joaquin Nabuco.

The police say that Romildo masterminded, and Ednardo committed, the crime. The revolver and shotgun bullets that killed the union leaders also hit the union treasurer, Jose Cicero da Silva.

Jose Helio da Silva was ambushed on Highway BR 101 that leads to the city.

* New Inflationary Pressures in Early 1991 Viewed

91SM0170A Sao Paulo VEJA in Portuguese 16 Jan 91 p 55

[Unattributed article: "A Short Fuze"; first paragraph is VEJA introduction]

[Text] Gardenalli submits his resignation to the Ministry of the Economy, at a time when the warning lights of inflation are flashing most insistently.

Four unfavorable signs have become apparent to those who were anticipating a somewhat more moderate inflation in the early months of 1991. First, the quantity of money circulating in the economy—the famous "monetary base"—went out of control in the month of December: it grew by 58 percent, much more than the price indexes. Second, a study that the Arthur Andersen consulting firm made of the balance sheets of 220 companies showed last week that the most dangerous inflationary venom is being incubated in commerce and industry and sooner or later may spread throughout the rest of the economy. Third, Secretary of the National Treasury Geraldo Gardenalli—who has received most of the credit for last year's surpluses—submitted his resignation. Last, there is the prospect of a Gulf war, which would cause oil prices to skyrocket.

On the average, the companies X-rayed by Andersen recorded an impressive performance in 1990, with 1.7 cruzeiros of profit for each 100 cruzeiros of sales. In a typical year this could be interpreted as a good result, but not in this case. A breakdown of the average constructed by Andersen reveals the fact that major sectors such as commerce and the metals and electrical-electronic sectors sustained losses last year of between 1 and 10 percent of their sales. These sectors are merely waiting for a little money to come their way in order to recover their normal profits. "This phase displacement' of profits is unfavorable from the standpoint of inflation," says Marcio Orlandi, Andersen's managing partner and director of research.

Home-Brewed Tea

It is illustrative to compare some of Andersen's other data. The survey reveals that most of these companies have already been operating for several years at a slow pace, and today they are purchasing raw materials and employing labor at a level 40 percent below the level prevailing at the beginning of the decade. It is a difficult problem to solve. Any increase in the demand for goods that is even a hair greater than industrial capacity immediately hikes all prices. According to Andersen, the companies surveyed have a small inventory and are therefore less dependent on bank financing. The policy of high interest rates practiced by the government—to force the market to get rid of its inventories at any price—has accordingly not produced any result whatever in these companies. It is like treating pneumonia with tea brewed at home.

These inflationary pressures of the first of the year also can be traced to an economic team that confuses the situation every week by coming out with "packages" that make everyone uneasy. Last week Minister of the Economy Zelia Cardoso de Mello and her team anounced their decision to cut government spending for 1991 by $4 billion. Under the proposal as announced, the government will not release funds for investment in state enterprises, will speed up the privatization program, and will make an 85 percent cut in its "incidental expenses"—the budgetary item that buys ink for rubber stamps and adhesive tape for the hospital. It is doubtful—to say the least—that all these measures will produce the desired result. The state enterprises have lived for a long time without money to invest. The privatization program was announced last 16 March with much fanfare, but to date not a single federal enterprise has been sold. If 85 percent of the appropriation for the expenses of the cabinet ministries is cut, it is indeed possible that the bureaucracy would have to do without its rubber stamps, its coffee, and its Zerox machines, but the economies thus realized would not be significant.

Actually, the problem with this excess of activity is not the benefit or damage but rather the uncertainty that it causes. "The ideal plan to enable Brazil to live better is to have no plan for 10 years," former minister Henrique Simonsen said last week. "The economy needs tranquillity," he added. The Monday meeting produced at least one example of serious damage. National Treasury Secretary Geraldo Gardenalli—Zelia's "valet" who took care of the Treasury—submitted his resignation and said farewell to the Ministry of the Economy forever. Although he was responsible for a sector that is critical for overall economic policy, bore the title of secretary, and had a distinguished resume as an economist, the simple fact is that Gardenalli was never invited to attend the meetings of the ministry, and was not invited to the Monday meeting. The secretary did not submit his resignation solely for that reason, however. He was known to be tight-fisted when it came to releasing funds—an excellent quality in someone who takes care of the public treasury—and was under great pressure to spend. The most recent pressure came from Justice Minister Jarbas Passarinho and Navy Minister Mario Cesar Flores to release $12 million for Lloyd Brasileiro, the state navigation company. The episode puts one in mind of the finest moments of the Sarney government. On the one hand President Collor wants to liquidate Lloyd, and on the other, his cabinet ministers are injecting money into the enterprise. Gardenalli was also distant from his colleagues in terms of his life style: he lived in student housing in Brasilia, with no maid to make his bed.

* BC on 58-Percent Monetary Expansion in Dec

91SM0170D Sao Paulo O ESTADO DE SAO PAULO in Portuguese (Economic Section) 10 Jan 91 p 4

[Unattributed article: "58 Percent Monetary Expansion in December"; first paragraph is O ESTADO DE SAO PAULO introduction]

[Text] The BC explains that this explosive expansion was caused by withdrawals from bank accounts.

Brasilia—The "monetary base" (the total amount of money in circulation plus the bank reserves)—the indicator used to measure the emission of money—recorded an expansion of 58 percent in December: the largest expansion recorded since last May. In annual terms, the cumulative expansion of the monetary base was 2,304.2 percent, the smallest figure recorded since February. The 12-month expansion of the monetary base reached its highest point in April (10,434.2 percent) but was smaller in 1989 (1,754.2 percent) and in 1988 (621.6 percent).

According to a press release from the Economic Department of the Central Bank (BC), the performance of the financial indicators for December was "strongly influenced by the need to adjust the liquidity of the market to the seasonal growth of demand for money and at the current levels of inflation." Moreover, the demand for paper money underwent strong pressure last year, principally in December, for the purpose of investment without identification of the investor and also because of the limitation on checks payable to the bearer.

The money supply (money in circulation plus the demand deposits in the commercial banks) recorded an expansion of 41.4 percent in December, with an annual growth of 2,350.8 percent. Paper money in circulation recorded a growth of 47.8 percent last month, with a cumulative annual growth of 2,278.2 percent.

According to the BC's explanatory press release, although the monetary base and the money supply recorded rates of expansion higher than those of the past two months, the greater demand for money in December did not signify any change in the total liquidity of the economy.

"No Impact"

BC President Ibrahim Eris believes that the growth of the monetary base in December had no impact on monetary policy, inasmuch as many people withdrew money from the banks at year's end in order to draw down their checking account balances and avoid problems with the Income Tax. According to Eris' rationale, the money thus withdrawn was returned to the banks immediately after the advent of the new year without circulating through the economy.

The disbursement of 148 billion cruzeiros for financial assistance to strengthen liquidity, the release of 36.9 billion cruzeiros of frozen funds, and the release of 36.7 billion cruzeiros for persons over 65 years of age were also cited by the BC in explaining the December monetary expansion.

* Study Forecasts 30 Percent Inflation for Feb

91SM0170B Sao Paulo O ESTADO DE SAO PAULO in Portuguese (Economic Section) 15 Jan 91 p 12

[Article by Raul Pilati: "January Inflation May Reach 22 Percent"; first paragraph is O ESTADO DE SAO PAULO introduction]

[Text] A study by the Ministry of the Economy forecasts an even higher rate—30 percent—for February.

Brasilia—The upward trend in food prices, and the increase in the price of oil on the world market because of the war in the Persian Gulf, are expected to cause a jump of three percentage points in the January rate of inflation. A study in the possession of Economy Minister Zelia Cardoso de Mello forecasts a rate of approximately 30 percent for February. Just the rise in the prices of raw and processed food products alone in the first 15 days—together with the readjustments in the rates and prices controlled by the government and in school registration fees—are enough to raise inflation to 22 percent in January.

The ministry's study reports that the prices of processed and raw food products—principally rice, corn, and soybeans—continued to rise until February. In fact, the prices for these products began to rise in the second half of last year. The between-harvests period and the rise in prices on the world market served to accelerate the rise, the study says.

The corn and soybeans are used in animal feed and also exert pressure on the prices for eggs and meats in general. On the foreign market, the opening of East Europe to trade is causing the consumption of large quantities of basic food products. The result is increased sales of world agricultural stocks and rising prices for these products.

The government experts believe that the prices for wheat and wheat by-products will also rise on the Brazilian market, inasmuch as the production of the last harvest was not sufficient to meet domestic demand. To make up the difference Brazil has imported from Argentina, Canada, and the United States. With the crisis in the Persian Gulf the price of wheat is expected to rise, thereby raising the price of the product sold in Brazil.

The forecasts made at the Ministry of the Economy indicate that the inflationary picture could worsen dramatically in the event war breaks out in the Persian Gulf. Minister Zelia Cardoso de Mello has already reported that the government is attempting to maintain a "realistic schedule" of prices for public services—a policy that has continued to be implemented this year, with the increases in effect since yesterday in postage rates and urban train fares—and has announced that in the event of a prolonged conflict, the rise in oil prices on the world market will probably be included in the prices of fuels sold on the Brazilian market.

The minister's study accordingly demonstrates that the January inflation may prove to be substantially more than the 22 percent projected. Some sectors that will immediately suffer the consequences of any new increase in diesel prices as a result of the war are the fruit and vegetable growers and the electric-electronic industry, although the entire chain of production will feel the impact.

Chile

Improved Security Promised to U.S. Companies

PY1902180991 Santiago Radio Chilena Network in Spanish 1600 GMT 19 Feb 91

[By Daniela Araneda]

[Excerpts] Interior Minister Enrique Krauss has said in Punta Arenas that the existing security mechanisms will be improved to prevent attacks on U.S. private companies and U.S. Government facilities. [passage omitted]

Minister Krauss spoke shortly before leaving for the southern part of the country. He met with U.S. Ambassador Charles Gillespie and some U.S. Embassy officials. They discussed the security of U.S. installations in Chile. Krauss said that the Chilean police and the Chilean Government are concerned about the issue and that the necessary security measures have been adopted. Because of these measures the attack on the home of the personnel in charge of the U.S. Embassy security at Las Condes District did not have the tragic effects that it might have had.

President Collor Arrives in Punta Arenas

PY2002005691 Santiago Radio Cooperativa Network in Spanish 2200 GMT 19 Feb 91

[Relay from Punta Arenas by Victor Lou]

[Text] A Brazilian Air force Boeing 707 carrying Brazilian President Fernando Collor de Mello, his wife, and his entourage landed at the Presidente Ibanez International Airport this afternoon at 1810. At the airport, the Brazilian president was met by Interior Minister Enrique Krauss and acting Foreign Minister Edmundo Vargas who, in the name of the Chilean Government, welcomed him. A section of the 4th Air Force Brigade paid him appropriate honors.

After greeting the national and regional officials who were waiting for him, the Brazilian president left the airport.

Newsmen from both the national media and Brazilian media were left waiting in a neighboring hall for a scheduled greeting by Collor de Mello. The newsmen complained to the authorities about the excessive security and about Collor de Mello's refusal to talk to the media. A few minutes ago, it was reported at the Cape

Horn Hotel that it is possible Collor de Mello will talk briefly with national and international newsmen at 2030.

In addition, a few minutes ago a handwritten telegram that the president of the Republic, Patricio Aylwin, sent Fernando Collor de Melio was released. The text of the telegram states:

His Excellency, Mr. Fernando Collor de Mello, president of the Federative Republic of Brazil, Punta Arenas.

Dear President:

Please accept my most cordial welcome to Chile and my best wishes for a pleasant stay in Punta Arenas and a beautiful and profitable trip to Antarctica. I take this opportunity to reaffirm my personal consideration and esteem.

The telegram bears President Aylwin's signature.

Intendant [name indistinct] also said that President Aylwin would telephone the Brazilian president at the hotel at 2000.

MIR Views Truth, Reconciliation Committee Report

PY1902174591 Santiago EL MERCURIO in Spanish 11 Feb 91 p C-2

[Quotation marks as published]

[Text] The Movement of the Revolutionary Left (MIR) yesterday said that the main contribution of the "Truth and Reconciliation" Committee report that was handed to President Aylwin on 8 February is that it "confirms the existence of a repressive policy during the military government."

Patricio Rivas and Roberto Moreno, members of the MIR Political Committee, said during a news conference that when the report is made public "the people will become conscious of the human rights violations perpetrated during the previous regime."

The MIR leaders said that the social entities will have to fight hard if they are going "to make the whole truth known." They added that the resulting social pressure will change the position of President Aylwin, who is hesitating to reveal the names of the allegedly guilty people."

Rivas said: "This report proves that there was state terrorism in Chile during the military regime." He added that to hide the identities of those to blame is to believe "in half truths."

He also said that by hiding the truth, the government will give hot-headed groups reasons to take justice into their own hands and to take individual action against those who repressed the political dissidents of the previous regime, specially during the first five years of the regime.

According to Rivas, to know the whole truth and to judicially punish those responsible for human rights violations will reduce the risk of possible retaliatory acts.

The MIR also criticized the rightist political sectors that supported General Augusto Pinochet's regime for having threatened the physical integrity of the people.

The leftist party rejected the so-called "peace proposal" signed on 8 February by the political parties represented in Congress, with the exception of the PPD [Coalition of Parties for Democracy].

Rivas explained that the political MIR objects to the name of the agreement "because it implies the acceptance of General Augusto Pinochet's thesis that there has been a war in Chile, when the real truth is that genocide has been employed against members of the opposition." The MIR also objects to the decision not to wait for a complete report on the results of the investigation conducted by the "Rettig Committee" before adopting political resolutions.

He also said that the so-called "democracy by agreement," which he deemed "exclusive," cannot be used in regard to human rights issues.

National Renewal Leader Denies Internal Conflicts

PY2002021691 Santiago Radio Nacional de Chile Network in Spanish 2200 GMT 19 Feb 91

[Text] National Renewal [RN] President Andres Allamand has categorically denied the existence of internal conflicts in his party or that his leadership is being questioned. Allamand said that some sectors—especially some parties that support the current government—are interested in the existence of misunderstandings in his party because they do not want an opposition with clear stances.

As for a commentary saying that Senator Sergio Onofre Jarpa, former RN president, is casting a shadow over him, Allamand smiled and said:

[Begin recording] [Allamand] I have never felt diminished by Jarpa. I worked with him for a long time, and I normally work with him now. I have his full support and he is one of the people who has contributed the most to the success of my leadership. Therefore, those who say that there are misunderstandings between Sergio and I are wasting their time. They wasted their time last year and I hope they will not continue wasting their time in the future.

[Reporter] Do you think there is more unity within the RN than in the rest of the Chilean parties?

[Allamand] I do not dare say that, but I think our main policy is broadly supported by the party. As far as I am concerned, I am willing to maintain this policy without any doubts, so I do not feel any internal difficulty. [end recording]

Allamand said the alternative cabinet created by the RN to analyze the current government's actions and suggest corrections and proposals has not yielded the expected results, but since it is a great political idea, the alternative cabinet will be maintained.

The RN president made these statements after meeting with some Center-Center Union [UCC] leaders with whom he agreed on the need for municipal and regional issues to be discussed together in Congress. They also agreed on the need to renew the judicial branch structure. Allamand said that not all subjects were discussed in depth and the election system issue was hardly mentioned. He said he hopes the UCC, headed by Jorge Gomez Balmaceda, will study the RN proposals on the subject.

When asked whether the RN will act as a spokesman for the UCC in Congress, Allamand said the RN did not intend to be its spokesman because they are two different parties. He said, however, if the UCC thinks it is appropriate, the RN cannot refuse being its spokesman.

PCCh's Teitelboim on Legalization of Party

PY1902141191 Santiago Radio Nacional de Chile Network in Spanish 2200 GMT 18 Feb 91

[Text] Volodia Teitelboim, secretary general of the Communist Party of Chile [PCCh], said that the legalization of his party marks the beginning of the historical reorganization of the Chilean left. Teitelboim said this after handing in to the electoral service 351 files of PCCh members' signatures from the Ninth Region. These signatures replaced 190 that had previously been rejected.

The PCCh leader said that the path to legalization has been difficult because it is easier to become a member of the Christian Democratic Party [PDC] in Chile than to become a Communist. He said that a few days ago he concluded a round of talks with the Center-Center Union with whom he agreed on several issues that cannot yet be implemented. He added that there is nothing definite regarding an eventual coalition with other leftist forces but in general, he said, the country should not get used to the idea of a political monopoly.

[Begin Teitelboim recording] No one should assume a political monopoly. I do not think the PDC seeks that objective, but there is some shared, bilateral, political monopoly. On the one hand there is the Coalition of Parties for Democracy [CPPD] which is made up of one dominant party and the rightists. This is a bilateral monopoly. It is a monopoly of forces which is promoting the development of democracy along the lines of the demands of the people. [end recording]

Volodia Teitelboim said that the PCCh has suffered from a total exclusion. He said that with or without the CPPD, the PCCh will participate in the next municipal elections.

The Communist leader said that his party has recently criticized the current administration for not complying with its election platform announced during the election campaign and which the PCCh had endorsed. He said that apparently the government is not interested in the existence of an independent opposition that criticizes the government's mistakes and remind it of the five million poor people who live in Chile.

The PCCh leader said that he talked with President Aylwin about the exclusion of the PCCh and the hegemonic attitude of the government coalition which is not very conducive to the democracy everyone wants.

Soviet Ambassador Views Bilateral Relations

PY1902192791 Santiago EL MERCURIO in Spanish 11 Feb 91 p C-2

[Excerpts] Soviet Ambassador to Chile Yuriy Pavlov has said that the restoration of diplomatic relations with Chile will not be conditioned to political or ideological criteria but to the interest in promoting ties of friendship and broad cooperation in all fields.

He said: "With perestroyka, we no longer attach too much importance to political or ideological factors in our relations. We try to analyze our relations and to develop ties of friendship and broad cooperation independent of political or ideological conditions. Even though we are interested in the position of each government, this factor does not play a key role in the development of our relations." [passage omitted]

Pavlov has been ambassador to Chile since 7 January. He talked with EL MERCURIO about this and other major issues regarding the political, economic and social transformations in the USSR, the Persian Gulf war, and the restoration of bilateral ties with Chile after a 17-year break.

Bilateral relations

Asked about the priorities that his government has set regarding the restoration of relations with Chile, the ambassador replied that in the political field they would like to establish cooperation ties within the framework of the United Nations and other international forums, seeking to coordinate the efforts of both countries in the search for solutions to world and regional problems.

He noted that the USSR and Chile can jointly work in areas like disarmament, the elimination of bacteriological and chemical weapons, socioeconomic development, and the struggle against drug trafficking and terrorism. [passage omitted]

Regarding the economic field, the ambassador said that the USSR expects that trade with Chile will continue to grow. He said he will try to promote direct contacts between Soviet and Chilean businessmen.

He reported that two business meetings have already been arranged; the first in Santiago in July, and the

second in Moscow in August. The businessmen will analyze issues regarding possible mutual imports and exports, the creation of enterprises—among them joint enterprises—and the transfer of technology.

He stressed that there are good possibilities in the field of trade, noting that the USSR wants to sell its products on the Chilean market.

He said: "Trade is a two-way channel and if we manage to increase our exports, our imports from Chile will also grow."

He said that the USSR is especially interested in buying food products, clothing, shoes, and textiles. "The USSR lacks many things, which we have to buy," he said.

Asked about the advantages that Chile can offer in this regard, Pavlov said that there are advantages in prices and transportation because both Chile and the USSR have coasts on the Pacific Ocean, across which it is possible to directly take Chilean products to Soviet ports.

As for the targets that have been set for bilateral trade, the ambassador said that no specific objectives have yet been established, pending a visit to Chile by a commercial delegation headed by a high-ranking Soviet foreign trade official in March or April.

As for technological exchange, he stressed that the two countries have considerable experience in fields like mining, in which they can undertake joint research. He recalled the visit to Chile by the Soviet minister of nonferrous metals [title as received], who made several contacts with Chilean agencies. He explained that the two countries are studying projects under which it is possible to create joint companies. [passage omitted]

Joint Exercise With French Navy Units Held

PY1902160791 Santiago EL MERCURIO in Spanish 12 Feb 91 p C-5

[By Audenico Barria Navarro]

[Text] Valparaiso—Chilean and French naval units yesterday successfully performed joint combat exercises 25 miles northwest of Valparaiso. During the exercises communications, detection, approach, transportation, and firing systems were tested. The following units participated in the exercises: The helicopter carrier Jeane d'Arc and the frigates Henry and Lavalle of the fleet of the graduate school of the French Navy, and the task force of the National Fleet made up of the destroyer Almirante Riveros and the missile frigates Lynch and Condell.

The exercises, to which the journalists accredited to the defense institutions were invited, began at 0800 with communications and coordination tests, most of which were performed in English and through international codes with signal flags.

The units then performed deployment maneuvers that included two "logos" exercises, during which two ships got as close as 8 feet from each other while maintaining the same speed and course. This allows for the resupplying of a ship and for the transfer of the wounded between two ships. This maneuver was performed with great accuracy by Chilean frigate Lynch which was carrying the journalists, and French frigate Henry. Presents and written messages were exchanged during this exercise.

During the maneuvers, which lasted some eight hours, the six ships constantly changed their speed. At times they paired off, getting close and sailing at the same speed; at times the ships sailed as a convoy, keeping in permanent contact with each other.

Navigation, air, and tactical radar units were used for electronic warfare exercises during which enemy targets were spotted, thus showing the efficiency of the personnel in charge of the sophisticated equipment. The exercise allowed the units of both navies to test their warning systems, fire control, and counterattack units.

The exercise also included anti-aircraft practice during which 20-millimeter Oerlikon machine guns and .50-caliber units were fired. There were also target determination exercises using 100-millimeter cannons, rockets [preceding word in English], and MM 30 and MM 38 Exocet missiles.

The exercises concluded with a maneuver by an Allouette III helicopter which took off from the Jeane d'Arc, overflew the units, and performed sonar maneuvers and reconnaissance exercises. The helicopter transported personnel to the flight deck of the frigate Lynch. The helicopter, which was not fitted with weapons, hovered over the Chilean ship while its passengers and their equipment were lowered by cable onto the deck.

The Chilean ships later gave the French ships a send-off with their sirens and with troop formations on their decks. The French fleet left for Mururua at 1630.

Colombia

Police Identify Perpetrator of Car Bomb Attack

PA1902202291 Bogota Inravision Television Cadena 2 in Spanish 1736 GMT 19 Feb 91

[Text] The police have identified Johnny Alberto Acosta Rivera as the perpetrator of the car bomb attack in the city of Medellin.

Acosta Rivera is the chief of a group of hired assassins at the service of the Medellin cartel. He is being sought by the authorities in the metropolitan area of the capital of Antioquia Department.

The true name of Johnny Rivera, who has been identified by the authorities as the perpetrator of the terrorist attack last weekend in Medellin, is Johnny Alberto

Acosta Rivera. He was born in La Estrella Municipality, Antioquia Department and is 21 years old. He began his criminal career at 16 and is being sought for the murder of 17 policemen, crimes which were committed during the Death to Policemen wave carried out by the Medellin cartel. Johnny Rivera is the chief of a group of hired assassins, which according to intelligence organizations is composed of some 30 men. The group operates in the area of La Estrella, Caldas, Itagui, and Envigado, an area he shares with John Jairo Velasquez, aka Popeye, a key man within the Medellin cartel.

Intelligence organizations believe the car bomb used by Rivera for the terrorist attack last weekend was assembled in Itagui or Envigado, where Rivera uses several parking lots as offices to hand out orders. The parking lots have not been located by the police because Rivera does not stay too long in each one. Rivera is usually escorted by minors. He uses taxis to move around and remain unnoticed.

Authorities say they believe this attack can be interpreted as a retaliation for the killing of the Priscos, who were his friends, and also for the killing of several of his hired assassins by the police.

State Security Summarizes Guerrilla Actions

PA2002013891 Bogota Radio Cadena Nacional in Spanish 1200 GMT 19 Feb 91

[Text] A total of 379 people, including peasants, soldiers, and guerrillas have been killed this year as a result of subversive actions throughout the country, and property damage resulting from terrorist attacks has surpassed 400 billion pesos.

According to state security reports, clashes between the Armed Forces and rebels of the National Guerrilla Coordinating Board [CNG] during the first 49 days of the year have resulted in 140 soldiers and 167 members of the FARC [Revolutionary Armed Forces of Colombia], ELN [Army of National Liberation] and an EPL [Popular Liberation Army] dissident faction killed.

The departments of Cundinamarca, Meta, Santander, Norte de Santander, Antioquia, Caqueta, Bolivar, Cesar, and the intendancies of Casanare, Arauca, and Putumayo registered higher levels of violence with 72 peasants killed.

The CNG carried out 269 terrorist attacks against state economic structures, government entities, military installations and the country's transportation system, which have resulted in property damage estimated at 40 billion pesos.

The rebels have burned 158 vehicles on various Colombian roads, including tractors, trucks, buses, and private cars, which represent losses of over 8.8 billion pesos.

Finally, the official report said that there have been 61 clashes between military forces and CNG members, particularly in Colombian rural areas. The report added that the FARC has carried out 75 terrorist actions, the ELN 30, various guerrilla groups 22, and the EPL dissident faction, one.

Paraguay

Three Economic Team Members Reportedly Resign

PY1902232091 Asuncion ULTIMA HORA in Spanish 19 Feb 91 p 15

[Text] It has been reported in recent hours that Quartermaster Corps General Enrique Landaida, chief of the Military Quartermasters Service, is the main candidate for the office of finance minister. Another name that is mentioned is that of Desiderio Enciso, president of Paraguayan Petroleum, Inc.

Paraguayan Central Bank (BCP) President Crispiniano Sandoval, Planning Secretary Washington Ashwell, and Industry and Commerce Minister Antonio Zuccolillo Moscarda have reportedly also tendered their resignations. A complete reorganization of the economic team by the executive branch has not been ruled out.

President Andres Rodriguez today appointed a committee charged with conducting investigations within the BCP. Serving on this committee will be Raul Codas Riera, Enrique Sosa, and Guillermo Cespedes.

Official Comments on Debt, Inflation, Corruption

PY1502221291 Asuncion ULTIMA HORA in Spanish 14 Feb 91 p 14

[Text] Washington Ashwell, executive secretary of the Technical Planning Secretariat, denied this morning that he had received a 60-day deadline "to solve" the foreign debt problem. Ashwell also dismissed rumors of his resignation.

Ashwell refuted some rumors that higher authorities have given him 60 days to begin renegotiating some $406 million of the foreign debt with the Paris Club or face the possibility of being replaced, possibly by [current Industry and Commerce Minister] Antonio Zuccolillo.

Asked about the rumor on the deadline Ashwell said: "It is not true, this is all lies."

Asked if he had received "suggestions" in that regard from higher authorities, he said: "I am not contemplating resigning, I have no problems of any kind. I have not received any suggestions. I am not aware there is an issue. There are no deadlines."

Asked if the disagreements within the economic team lately, particularly on the issue of the foreign debt, suggest the need to restructure the organization, Ashwell said: "That is outside my field of responsibility; I just fulfill my duties."

Asked if the Technical Planning Secretariat is suffering any interference or if it is fulfilling its objectives, Ashwell

said: "Nothing is interfering with the normal activities of the Technical Planning Secretariat."

Asked if the 2-percent January inflation rate implied by the Central Bank Consumer Price Index endangers the goal of a 15-percent inflation rate for 1991, Ashwell said that the index was high due to speculations resulting from the Gulf war. He added that prices will stabilize again next month and that the goal continues to be 15 percent for 1991.

In view of persistent rumors that Finance Minister Enzo Debernardi will resign due to health problems, our reporter tried to speak with him at the ministry. He was told that the minister had not come to work today because of health problems.

According to a report, Engineer Debernardi suffered chest pains after his meeting with President Andres Rodriguez and National Financial Comptroller Jorge Cassignol at the government palace on 12 February. At that meeting the issue of Central Bank bonus payments [to retiring board members] was discussed.

IMF Presses Renegotiation, Holds Stand-By Loan

PY0802220191 Asuncion ULTIMA HORA in Spanish 7 Feb 91 p 15

[Text] The pressure being exerted by the IMF to renegotiate the Paraguayan debt with the private banks by "freezing" a "stand-by" [previous word given in English] loan, and the lack of clarity in the Paraguayan strategy with the Paris Club, is causing the collapse of the Paraguayan foreign debt negotiations.

The attempted negotiations of the entire Paraguayan public debt is about to be harshly defeated because of the lack of agreement among the economic team regarding the strategy that will be used to negotiate the debts contracted with the Paris Club, and because of the pressure being exerted by the IMF to restructure the agreements with the international banks.

These two factors are placing at risk any real possibility of improving the heavy servicing of Paraguay's financial commitments.

Paraguay has failed to prepare a report on the development of the debt negotiations with the international banks. Because of this the IMF has "frozen" financial assistance to the Paraguayan economic plan, according to IMF representative Waldemar de Moraes. "Until Paraguay demonstrates that the negotiations are making progress, the 'stand by' loan will be withheld," he said.

He also said while the letter of intent was being prepared, Paraguayan economy officials assured the IMF that by the end of January they would deliver a detailed report on the progress attained in the negotiations with the private banks. "Apparently it has been delayed for several reasons, and so far we do not have any information ensuring us that the talks (with the banks) are being held," he added.

The IMF representative said that the IMF directorate is waiting to approve the Paraguayan economic plan. "All the other aspects of the agreement are ready because the technical report has been presented to the IMF directors. The last detail that we need to enable us to complete the approval is to know how the negotiations with the private banks are progressing," Moraes said.

Asked why the IMF is interested in the negotiations with the banks, Moraes said: "One must demonstrate—in this case Paraguay—that the financing for the international transactions that Paraguay intends to carry out during a certain period of time is available. Paraguay needs to renegotiate its debt in order to obtain this financing. How can one say that the Paraguayan balance of payments is fine if there are doubts regarding the refinancing?" he asked.

Peru

Minister Details Effects of Cholera Epidemic

PY1902003691 Madrid EFE in Spanish 1809 GMT 18 Feb 91

[Text] Lima, 18 Feb (EFE)—The Peruvian Government today anticipated "serious" economic "problems" as a result of the growing rejection of Peruvian exports due to the cholera epidemic that is affecting the country and that has infected 16,600 people and killed nearly 100 others.

In a news conference with foreign journalists, Peruvian Health Minister Carlos Vidal said the negative reaction against Peruvian export products due to fear of contamination is "incomprehensible" and "lacks a scientific basis," and it may represent a $700 million loss in export income.

Carlos Vidal said Bolivia "was not right" in burning Peruvian canned fish and the Bolivian as well as Argentine and French rejection of Peruvian products is based on a market struggle rather than on a scientific health measure. The minister said Peruvian sea and agricultural exports are processed "according to international sanitary norms that eliminate any kind of contamination."

Fishing is the second most important Peruvian export activity after mining, and represents a $500 million annual income, nearly 20 percent of the total Peruvian income from exports.

"People forget we are in the twentieth century and that we know how to treat cholera. Evidence of this is our low mortality rate—0.6 percent," said Vidal, who expects the epidemic to be controlled in two months.

Vidal also criticized the restrictions imposed on travelers coming from Peru and the demand for vaccinations by some countries, since "they are useless in preventing eventual contamination," he said.

On either 19 or 20 February in Brussels, the European Community will decide whether to impose restrictions on human consumption of Peruvian products, but some companies have already suspended their trade with Peru.

The Peruvian Government has assigned a Foreign Ministry group to analyze the situation and carry out "an aggressive campaign," as demanded by businessmen, to "demonstrate that neither sea nor agricultural exports are contaminated with the cholera bacillus."

"The Peruvian Government's answer in this case must be similar to that of the Chilean Government during the case of the poisoned grapes," said Gaston Benza Pflucker, president of the Exporters Association (ADEX).

Vidal praised the U.S. decision not to forbid either the arrival of products or travelers from Peru into the United States. Business sources nonetheless reported that U.S. health officials warned importers that if cholera is introduced into the United States, they will be sanctioned.

Although cholera is endemic in 98 countries, exports from these countries are not forbidden, and there are even controlled cholera outbreaks in Louisiana and Texas, according to the Peruvian health minister.

Vidal avoided making predictions about the consequences of the cholera epidemic in Peru, but he thinks the calculation that it would cause between 1,600 and 2,000 deaths made by the Panamerican Health Organization office in Lima may be correct. The minister said there is "a serious risk" that cholera may become endemic in Peru, given the delicate economic and social domestic situation.

The Peruvian Government has asked the Inter-American Development Bank (IDB) for a $100 million credit to improve the Lima water supply and sewage system, which is the main source of contamination in this plague. Vidal said he hopes the IDB "will be sensitive" to the situation created by the cholera epidemic since credits to Peru continue to be frozen while the government negotiates its integration with the multinational financial organizations after five years of financial isolation.

Former Police Chief, 'Subversives' Wounded

PY1902000091 Lima RTP Television Network in Spanish 1800 GMT 18 Feb 91

[Text] Ruben Rodriguez Rabanal, a retired General Police commander and former 29th Radio Patrol Police command chief, was seriously wounded this morning in Jesus Maria District. He was intercepted by unknown individuals—presumably subversives—at the front door of his house on block No. 6 of Mariscal Uzurriaga neighborhood in Jesus Maria District.

It was leaked in National Police circles that one of his bodyguards managed to wound one of the attackers, who carried a black briefcase. A submachine gun was discovered inside the briefcase. The man, reportedly identified as Martin Peralta Saldarriaga, was captured after a short shoot-out. Another policeman as well as a subversive were wounded in the clash.

The former high-ranking police officer was quickly taken to the National Police Hospital where his condition is reported as serious.

Lima, Coma Town Halls Attacked With Explosives

PY1502151291 Madrid EFE in Spanish 0432 GMT 15 Feb 91

[Text] Lima, 14 Feb (EFE)—Police have reported that the municipal town halls of Lima and Comas, a poor district in northern Lima, were attacked today by terrorists, causing damage but no injuries.

An explosive device placed in a bathroom in Lima's town hall exploded just before employees showed up for work. The explosion destroyed a toilet, door, and windows.

Terrorists threw homemade incendiary bombs at the Comas town hall, causing a fire in the records room.

Police sources have indicated that no terrorist group has yet claimed responsibility for the attacks, which represented the third straight day of bomb attacks in Lima. On 12 February alleged members of the Maoist Shining Path group threw bombs at some 20 Peruvian bank branches, causing considerable damage. On 13 February a small device exploded approximately 80 meters from the Japanese Embassy in the Jesus Maria District.

Foreign Minister Sanchez Views Policy Issues

PY1402183991 Lima EL COMERCIO in Spanish 10 Feb 91 Sunday Supplement pp 4, 5

[Interview with Foreign Minister Raul Sanchez Sotomayor by Manuel Cisneros Milla; place and date not given]

[Excerpt] [Cisneros] On which areas of our foreign policy will you place more emphasis?

[Sanchez] Due to the current world situation, which in part is very dramatic, we will pay special attention to relations with our neighboring countries and with the rest of the region, seeking the great objective of a real and profound unity of the Americas. In other words, we seek the establishment of a united America.

[Cisneros] Why this preference?

[Sanchez] Because the current situation is marked by the gradual formation of large political and economic blocs. Within this context it is clear that we must contribute decisively to integrate our region. This is the only way we will be able to effectively participate in the international structure. Any isolated effort, no matter how intensive,

will always be insufficient to face the challenge of the blocs I just mentioned, and will tend to make our internal problems worse. Interdependency is now a reality which cannot and must not be avoided.

[Cisneros] Is this a new position for the Foreign Ministry?

[Sanchez] No. This position respects the traditional Peruvian foreign policy which is based on the many facets of our country in the Andean, Amazon, and Pacific Ocean regions. This policy has now become particularly important because the presence of our country in the international scene and forums will depend on what we do. Let me reiterate that our geographical location determines the concepts and tasks of our foreign policy. This is why we must strengthen our relations with the neighboring countries and with the other Latin American countries through great efforts toward agreement and integration within the framework of a changeable world policy which can at any time alter its structure. This situation represents a series of possibilities and risks which we must face if we want to normalize our relations with the international community.

[Cisneros] Do you mean that your first objective is to consolidate our integration process?

[Sanchez] That is right. Integration is an economic and political need for our countries and an essential vehicle for the effective integration of the Latin American region into the world economy. There is a general belief about the problems that a country would face if it tried to participate by itself in the world scene. This is why there is a growing tendency for the formation of blocs that act among themselves.

[Cisneros] How do you view this integration?

[Sanchez] I see it from a political and macroeconomic viewpoint which revolves around the formation of an integrated area. I also see it as an element for relations with our neighbors in binational projects for shared development. Therefore, we want to strengthen regional integration through concrete actions that will benefit both Peru and other countries preferably our neighbors. We are convinced that the joint projects will serve as an important base for regional integration.

As Latin Americans we must actively participate in the process of making decisions in the international scene and influencing the world with a definite political personality. This is the only way we will be able to participate as equals with other countries in the dialogue for peace, and international security.

For us, based on what I have just said, Latin American agreement and integration is the regional answer to the changing facets of international relations. Latin America and the Caribbean share a common region and common problems. This is why it is necessary, without question, to formulate a regional position.

[Cisneros] What has the Foreign Ministry done, and what is it doing, regarding the Peruvian goal of rejoining the international financial system?

[Sanchez] From the point of view of the Foreign Ministry, rejoining the international financial system represents a global concept that will involve all aspects of the state's international action and, of course, the payment of the money owed to the governments and the multilateral credit organizations. The Foreign Ministry is resolutely cooperating with the efforts being made to rejoin the economic and financial system, actively participating in various regional and world forums and organizations, seeking to secure a space and a given role within the new international economic and financial structure. Moreover, our foreign missions are conducting the necessary negotiations in order to facilitate the formation of a Group of Support for Peru [Grupo de Apoyo al Peru] as a part of the normalization process of Peru's relations with the credit organizations. I must also point out that this Foreign Ministry is playing a significant role regarding the negotiations with the Paris Club where the debts with the creditor governments will be discussed as of March 1991.

[Cisneros] How do you view the world situation?

[Sanchez] Today's world is very complex because of the conflict between the North and the South. The East and West detente, the radical and—until very recently—unsuspected change in East Europe, has not been repeated between the developing world and the industrialized world. The most convincing proof of this is the unfinished GATT meeting in Brussels, where the goal was to redefine the arena of international trade. Within this picture which, I repeat, is marked by the presence of political-economic blocs, Latin America will have to seek a concerted attitude to avoid being ostracized in this new international structure; and this makes our integration even more imperative.

[Cisneros] Concerning the Persian Gulf war, what is the Peruvian position and what are the consequences of it that will affect our country?

[Sanchez] Our attitude is marked by the adherence to, and respect for, the resolutions issued by UN Security Council which condemn the invasion of Kuwait and demand respect for the sovereignty of states. We reject the use of force as a tool of international action. For this very reason, we support the efforts made by the UN secretary general, our illustrious compatriot Dr. Javier Perez de Cuellar, in his permanent quest for peace.

The consequences of this conflict on our country will largely depend on its duration. Nevertheless, we have studied its possible repercussions, especially the economic effects, and we will cope with them in due time.

[Cisneros] Do you consider it correct to link the problem created by Iraq with the Palestinian problem as some people are doing?

[Sanchez] No. Peru has expressly supported the withdrawal of Iraqi troops from Kuwait as directed by the United Nations. Independent of that problem, Peru agrees with the idea of calling, at the right time, an international conference on the Middle East that will seek to resolve the problems of the area, including the Palestinian problem. [passage omitted]

* President Fujimori's 'Inner Circle' Described

91SM0201A Lima CARETAS in Spanish
4 Feb 91 pp 34-36

[Text] President Alberto Fujimori's advisers are people who act behind the scenes and whose major characteristic, with some honorable exceptions, is their limited professional reputation.

Gaining access to Fujimori is not easy. The circle closest to the president, the one with the greatest influence on his decisions and the one that holds the government's most important actions in its hands, is made up of members of his own family.

In the beginning his inner circle consisted of the founders of Cambio 90 [Change 90]: Victor Paredes, Maximo San Roman, Julian Bustamante, Victor Honma, Pedro Vilchez, and Pablo Correa. Those were the days when all the media regarded his candidacy as something of a joke.

The people who cultivated his friendship during that stage won his confidence and esteem. That was true of Luis Grados, HOY's rather staid political editor who conducted the first serious interviews with Fujimori, and, at a time when no one would bet a cent on his candidacy, took on the job of running his press office. Now Grados is head of the state news agency Andina, and he is one of the people with whom Fujimori talks (it would be an exaggeration to say he advises Fujimori) about how to handle the media.

The early friendships forged with the founding of Cambio 90 later crumbled when Fujimori took on the leadership not only of the movement but also of the campaign. His decisions had to be accepted without question, and this bothered some of the movement's leaders who decided to leave, as Bustamante and Carlos Garcia did first, and Honma and Correa afterwards.

Those Who Came and Those Who Left

As his candidacy took shape and moved toward the first round, the engineer Fujimori became the target of a great many professional advisers. Certainly the candidate who was going to challenge Vargas Llosa for the presidency had to put together a group of competent advisers, but there was very little time left to evaluate them and create loyalties that would not be ephemeral or—most important of all—self-seeking.

Fujimori then began to try out advisers by giving them political jobs to do. Some proved to be efficient, others were not. The latter was true of the sociologist Alfonso Klauer, who was appointed Fujimori's representative to handle negotiations for the television debate with Vargas Llosa. After his disastrous performance, he was dumped unceremoniously.

Between the first and the second round, Fujimori got to know the majority of the advisers who are now working in the executive offices of the government. They came in a variety of ways, but were almost always brought in by a colleague of Fujimori's. It was a never-ending procession.

His present press secretary, Carlos Orellana Quintanilla, was introduced to Fujimori by his brother, Justo Orellana, president of the Association of Executives of Small and Midsized Businesses, an association which played a decisive role in the Cambio 90 election victory. Orellana, from an Aprista [APRA: American Popular Revolutionary Alliance] family, had been a former government official in the INC [National Culture Institute].

One of the people who at first exercised a decisive influence on the candidate Fujimori was sociologist Francisco Loayza, an expert on security and geopolitical issues. Through Loayza, Fujimori got to know Jorge Chavez—currently chairman of the BCR [Central Reserve Bank]—and Luis Silva Santisteban, now an essential political adviser in the executive branch.

Nonetheless, as some of the first colleagues began to come in, others were leaving. Loayza himself little by little was being left on the sidelines of the presidential entourage, until in the end Loayza decided it was time to go. And it was when Fujimori had already been elected in the second round that the large-scale weeding out process really began to operate at full speed around the president-elect.

This purge trimmed away a good part of Fujimori's early colleagues. Then other disturbing influences began to arise, like that of former EP [Peruvian Army] Captain Vladimiro Montesinos.

If one thing was very clear to the people who at one time or another enjoyed the sympathy and confidence of the president, it is that Fujimori kept no eternal loyalties; as a result, he could be very strongly influenced by what he heard about other people.

That is why one of the first people whom Montesinos introduced to Fujimori was the head of the SIN [National Intelligence Service], Edwin Diaz. Until several weeks ago Diaz was a full-time adviser for the executive offices.

Montesinos also brought in the minister of justice, Augusto Antoniolli, a former SIN career official. He is the man who, in practice, advises the president on legal issues. The fact that he is not a brilliant constitutional scholar or even a very good attorney may explain Fujimori's blunders on these issues.

Against all odds, Fujimori did manage to acquire some advisers of undisputed professsional ability, like Hernando de Soto. But they are unfortunately in the minority.

When he became president, Fujimori established three levels of advisers. The first circle consists almost exclusively of members of his family, very much in the Japanese tradition. This group is responsible for the government's major functions and decisions, since the president does not trust any one, especially on issues involving international bids and contracts. His relatives may not be top quality professionals, but at least he has 100 percent confidence in them.

The second level consists of Montesinos and all the electronic security apparatus that surrounds the president. They are the "Tukuyricocc" (eyes and ears of the Inca, in Quechua) of the executive branch, and Fujimori entrusts many of his political decisions to them.

There is a third circle, which includes officials who work in the executive branch and friends of the president. In many cases, these people are consultants and not advisers, as Fujimori calls upon them to weigh and discuss ideas and options, rather than to make decisions.

This group is composed of Andres Reggiardo, Victor Paredes, Carlos Orellana, Luis Grados, Luis Silva Santisteban, and Jorge Sosa Miranda.

How much influence do they have on the president? Many people believe that Fujimori makes decisions on the basis of agreements he reaches with his family advisers. He relies more on them than on others. This lack of top-quality advisers in his inner circle is what, say some observers, is damaging his government decisions and what has turned his administration into a succession of useless confrontations and questionable actions.

The Three Circles

The Family Circle

Santiago Fujimori Fujimori. He is the president's younger brother. An attorney by profession, he worked in the Embassy of Japan before entering the president's inner circle. He is responsible for approving all international agreements (bids and service contracts).

Rosa Fujimori Fujimori. An economist by training, although it seems that she has never worked as an economist. She is married to Victor Aritomi, who has been named ambassador to Japan. She is the president's private secretary and the filter through which people must pass to reach him.

Victor Diaz Lau. He received a degree in chemistry from the Greater National University of San Marcos. Of Chinese descent, he has maintained a long-term friendship with Fujimori since the time when they both taught at La Molina. He is responsible for the general secretariat of the presidency.

Jorge Lay Su. A business executive, he is a graduate of the National Agrarian University of La Molina. Like Diaz Lau, he is of Chinese descent and works as an adviser in the general secretariat. He is responsible for approving all administrative procedures related to the presidency.

The Security Circle

Vladimiro Montesinos. A former captain, he was discharged from the Army for presumed espionage. An attorney by profession, he handled the legal aspects of Fujimori's taxes when he was a candidate. He has no specific duties, but he does come to the executive offices every day. His influence was a decisive factor in the purge of police and military officers.

Alberto Pinto Cardenas. A lieutenant colonel in the Peruvian Army, he is responsible for the president's personal security. He came in November, but he has close ties with Fujimori.

Jose Huaman. An Army major, he heads the Electronic Security Division of the SIN.

Jorge Hesse. A rear admiral in the Navy, he studied economics and is a computer systems expert. At the present time he is the director of Naval Intelligence. A brilliant professional with impeccable credentials, he has served as director of the Naval War College. In the Navy he is considered responsible for the officers' purge. He is on a career track to become general commandant of the Navy in 1994.

The Executive Branch Circle

Andres Reggiardo. An agricultural engineer by profession, he worked at La Molina and in a variety of government offices before being tapped by Fujimori to handle the chairmanship of the Government Transition Committee and the general secretariat of Cambio 90. He has been named ambassador to Argentina.

Victor Paredes. The current president of the Chamber of Deputies, he was the head of the slate in Lima and served as campaign director for Cambio 90 in the first round. His total and unconditional support for the president has earned him the enmity of almost all of his party's members of parliament.

Carlos Orellana. A poet and journalist, he worked in LA CRONICA and was an INC official in the APRA government. He is the presidential press secretary and used to write—under a pseudonym—a political column in EL PERUANO that offered glimpses of Fujimori's ideas on current political and economic issues. He is also a presidential speechwriter.

Jorge Sosa Miranda. The present head of the National Social Communication Institute. He was a "content analyst" for the SIN and worked in the OCI [Central Information Office] during the occupation of the newspapers under the military regime.

Luis Silva Santisteban. A psychologist and philosopher by profession, he studied in Mexico, Germany and Yugoslavia. He has published a number of books on politics and philosophy. He is a professor in the international relations graduate program at the Catholic University. He serves as a consultant to Fujimori on foreign policy issues. It is said that he also influences the appointments of ambassadors and officials for the ministry of foreign relations.

*** Huancayo Peasants Greet New Military Commander**

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10 Jan 91 p 12

[Text] Huancayo, 9 Jan. "With the unconditional support of our Army, Shining Path and its damned ideas have been driven out from this area. We pledge to continue to work our lands so they will be productive and so that we can sell our produce to support our children," said the chairman of the central committee of the peasant defense patrols of Upper and Lower Cunas, Cristobal Clemente Samaniego, during the ceremony welcoming the new political-military commander of the Mantaro Front, Brigadier General Luis Perez Documet, and his staff. The ceremony took place yesterday in the parade ground of Chaquicocha annex in San Juan de Jarpa district, Huancayo province.

The leader of the 27 peasant communities of this province, in the presence of 5,000 armed patrol members who gathered in the parade ground, welcomed General Perez Documet, offering him the hospitality and affection "of these beautiful Huancayo lands which have written pages of glory in our history at the sides of our great Marshal Andres Avelino Caceres, the Wizard of the Andes."